

COMMON SENSE IN LABOR MANAGEMENT

NEIL M. CLARK

COMMON SENSE IN
LABOR MANAGEMENT

✓



Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

Ec. H
C 5948c

COMMON SENSE IN LABOR MANAGEMENT

By *McCullough*
NEIL M. CLARK
,,,



447474
4-6-46

HARPER & BROTHERS PUBLISHERS
NEW YORK AND LONDON
MCMXIX



COMMON SENSE IN LABOR MANAGEMENT

Copyright 1919, by Harper & Brothers
Printed in the United States of America
Published September, 1919

TO MY WIFE

CONTENTS

CHAP.	PAGE
FOREWORD	xi
I. THE NEW THOUGHT IN MANAGEMENT	1
II. HOW FAR CAN INDUSTRIAL DEMOCRACY GO?	18
III. WORKING CONDITIONS AND INDUSTRIAL UNREST	44
IV. LIVING CONDITIONS AND INDUSTRIAL UNREST	68
V. THE MONEY INCENTIVE	90
VI. THE WORKER'S SECURITY IN THE JOB	114
VII. CAN WORKERS BE CRAFTSMEN INSTEAD OF MACHINES?	128
VIII. WHAT MAKES A GOOD SUGGESTION SYSTEM?	148
IX. THE EMPLOYER AND THE UNION	162
X. THE FALLACY OF PANACEAS	174
APPENDIX I:	
THE INTERNATIONAL HARVESTER COMPANY'S INDUSTRIAL COUNCIL PLAN	191
APPENDIX II:	
THE WAGE POLICY OF THE ONEIDA COMMUNITY, LTD.	209
BIBLIOGRAPHY	213

FOREWORD

IN this book I have tried to bring into clear definition the more important relations between employers and employees, with an appraisement of methods proved successful in harmonizing them. My function has been that of a reporter, in large part, for the ideals and policies expressed herein are not impractical ideals or policies of mere theory. I have gone to experienced managers for them. My task has been one of selection and formulation. Hence, my debts to broad-thinking business men from coast to coast are so numerous that I should be unfair to all if I singled out any for special mention. I must not fail, however, to record my deep satisfaction and gratefulness for the opportunities afforded through my association with the A. W. Shaw Company, for the preparation of this book.

CHICAGO, 1919.

**COMMON SENSE IN
LABOR MANAGEMENT**

COMMON SENSE IN LABOR MANAGEMENT

I

THE NEW THOUGHT IN MANAGEMENT

Need for giving human factor expert attention—Old attitude in management was: 1. Labor is a commodity; 2. "I'm going to run my own business"—This attitude largely responsible for unions and conflicts—Elements of a good wage contract were formerly absent—Where unions are strongest these elements are still lacking—Conflict between employers and employed may be avoided—Abuses of piece rates—Labor is a commodity, but not so laborers—Increase in size of industrial units helped class divisions—Experts not commonly employed to handle human factor—The evil of uniform wage increases—Who is the real boss in business?—Dominant interests must control—Functions that employers and employed must share—Duty to inspire confidence of workers in employers—Further duty to give them entirely fair share in the rewards and satisfactions of business.

HAVEN'T most of us, in the past, been evading the real facts in what we commonly call the "labor problem"? Haven't we tried to get by with compromises? Haven't

COMMON SENSE IN LABOR MANAGEMENT

we avoided searching for fundamentals and satisfied ourselves with temporizing? I believe that we have; and I believe that now we have reached a pass when we cannot do so any longer.

What is the "labor problem"? What is its relation to business as a whole?

Briefly, the trinity of business is money, men, and customers. Money is the bank-account, and all the facilities of plant, equipment, materials, merchandise, tools, and supplies. Men are those who carry on the business, including the managers who conceive policies, make plans and direct them, and those who execute the plans. Customers are those who buy the product or the merchandise. The job of management is to organize, co-ordinate, and direct the operations of these three elements. In the past there have been instances of great and successful concerns built by men who were mere financial experts or mere clever sales organizers. But we may well doubt whether in the future any great business success can be achieved in which serious and expert attention is not also paid to the best interests of all persons in the business. That—the best interests of all in the business—is the labor problem. Conceivably, obstinate and continued disregard

THE NEW THOUGHT IN MANAGEMENT

of it on a large scale might endanger the very life of the present industrial structure.

It is useless to blind ourselves to the fact that attempts have been made, and are being made with more or less success, to do away with business conducted on the basis of private profit. There are arguments against that plan. It is not my purpose to present them. I assume, as the business man whom you and I meet daily on the street does assume, that the inducements to effort and initiative are ordinarily greater under the present scheme than under any other yet proposed. But that does not hinder us from admitting that we can probably find ways to improve.

Radical changes may indeed already be observed in the attitude of managers who are keeping in step with the times. We are all familiar with the old attitude. I call it "old" merely for convenience, for there have always been managers far in advance of current practices, just as there are always many who are sadly behind the times. The old attitude, I believe, is perhaps best typified by the manager who was content to assert that:

1. Labor is a commodity, to be bought like steel and crude rubber; and,

2. "I am boss and I am going to run my business."

COMMON SENSE IN LABOR MANAGEMENT

In times like the present we are inclined to question all "truths." Is it, then, a fact that labor is a commodity? And if so, does it resemble steel and crude rubber? Is the boss really boss? These are not flippant questions. Rightly answered, they may help us to come close to the heart of the pressing problems of industrial unrest in this country.

I think I am not far wrong in saying that the old, arbitrary, autocratic attitude of management had much to do with the creation of unions. Many an employer is convinced that unions are an industrial disease and should be eradicated. Perhaps he is right. Yet surely he should not for that reason refuse to recognize conditions that brought them into being and fostered their existence. Causes, when they are located, may suggest remedies.

Wages, in point of time, formed the first cause of conflict arising from the labor-commodity theory. After industries increased greatly in size, and before the unions came into being, the elements of a good wage contract were lacking on the side of the employees. In those days the employer in need of help merely stated the wages he would pay.

"I'll give you two dollars a day," he told the applicant for a job.

"I want two seventy-five."

THE NEW THOUGHT IN MANAGEMENT

"Two dollars!" persisted the employer.

"But I can't live on two dollars."

"That's what I pay."

The applicant had to think of the unpaid rent, of his wife and family waiting at home for food, and of his long, unsuccessful tramp in search of work, and he was often virtually forced to agree. "Take it or leave it," was in effect the employer's ultimatum. The employer had the whip and used it. Carlton H. Parker gave a characteristic example of the operation of wage contracts between an employer and unorganized workers in one of his descriptions of the Wheatland Riot. Speaking of the Durst hop-ranch he said:

An examination of the wage system of this ranch for both the seasons of 1912 and 1913 showed an interesting phenomenon. Each day there existed four possible wage rates. If many hop-pickers had drifted in by wagon and train and foot during the previous day, and as a result an unemployed crowd hung about the check-window at sunrise, then ninety cents per hundred pounds was hung up as the piece price for hop-picking. If there were unemployed still desirous for work even after this wage announcement, and a surplus hung about the window the following morning, it was the custom to lower the wages to eighty-five cents per hundred pounds. Like the immigrant at Ellis Island, the hop-picker arrives at the job without a money reserve. The dictator of the wage policy of this ranch explained that if the pickers grew dis-

COMMON SENSE IN LABOR MANAGEMENT

grunted at either the rate of pay or the average income and drifted away, leaving work-checks uncalled for, then the wage scale would be raised to ninety-five cents or even a dollar. There had been certain days in the past, he said, when a labor exodus had forced the price to as high as one dollar and ten cents before the workers would flow in and allow the rate to sink to a more profitable level.¹

The unions undertook to put workers on a better bargaining basis. And where they have become strongest, the elements of a good wage contract are often lacking still, but on the side of capital. The picture of what happens in a later day is significant. The employer, sitting in his front office, is perhaps unaware that the men have grumbled among themselves. He has a big contract calling for early shipment. The union leaders know all about it and figure that their time has come. Their representative presents the demands.

"You can go to—" starts the employer; then he remembers the big order.

"Yes?"

"Why, this proposition is preposterous. Go back and tell the men I'll think it over."

"We can hardly wait. I'll have to take a definite answer back now—yes or no."

"And if it's no?"

¹"The California Casual and His Revolt." By C. H. Parker. *Quarterly Journal of Economics*, November, 1915.

THE NEW THOUGHT IN MANAGEMENT

"The men will walk out at once."

If the employer is pugnacious he perhaps tells them to walk out: "Walk out and stay out! And if they ever come back here and want jobs, they can yelp at the door and starve first!"

But when the men walk out, the wheels in the plant stop turning. A "strike-breaker," hastily called, may import a bunch of huskies who wreck the machines. The order does not get out. And it may be, if the men show they can last longer than the employer, that the latter angrily yields. If he does, it is no more a good contract than when he had the whip and fixed the wage rate at his convenience or by some rule-of-thumb measure of supply and demand. In other words, what we see here is simply war—with employers in one camp and employees in the other. And the victor gets the spoils.

These pictures are suggestive of the old and far too common managerial attitude. But that such warfare is not necessarily inherent in our present industrial scheme is a conviction that is daily gaining ground among enlightened employers. It is more than a conviction, in fact, in many concerns. With them industrial harmony is a fact. Later I shall endeavor to support this with the meth-

COMMON SENSE IN LABOR MANAGEMENT

ods and results of some of these strikingly successful concerns. The wastefulness of mere conflict is self-evident.

Here it may be well to point out a common laxness in the use of terms. It is important to recognize that capital, correctly defined, is what I have called money—that is, the material side of industry, the machines and supplies and raw products. Frederic C. Hood, of the Hood Rubber Company, clearly drew the distinction and pointed the real problem in an address before the Harvard Teachers' Association.

“These two words, ‘capital’ and ‘labor,’ are incorrectly and carelessly used to refer to capitalists and laborers. As there are very few capitalists who do not labor, and very few laborers who are not capitalists, and as, therefore, most capitalists are laborers, and most laborers are capitalists, they are one and the same thing as a class. So-called ‘capital and labor’ problems are not the problems of industry at all. The great problem is management, the organization of management, the selection of the right personnel for management, and the teaching of self-management.”

Other abuses than those cited have crept into industry, due to the old attitude of man-

THE NEW THOUGHT IN MANAGEMENT

agers, none perhaps more obviously irrational than the abuse of piece rates. The employer who wanted greater output turned to piece rates as a handy incentive. Typically, his method was to call in his cost clerks and the superintendent, and together they set a rate that they considered fair. It was often, at best, a hasty, makeshift method.

Piece rates proved an effective stimulus to increased production at first. Men drew on unsuspected reserves of energy, and perhaps in a short time some of them were earning twelve and fifteen dollars a day. Now, it was typical of the old attitude in management to consider that a man who works with his hands cannot possibly be worth one hundred dollars a week, or anything approaching it. Regardless of the fact that the unit cost to the employer on the piece basis was no greater, was, indeed, perhaps less, than under the straight wage plan, the employer somehow felt, perhaps naturally, that he had been tricked by the men into setting a rate that he considered unfair to himself. He felt that they had previously been "holding out" on him. And he desired to retaliate. He knew, however, that a reduction in the rate would discourage his men. Perhaps he made an attempt, nevertheless, to introduce a lower

COMMON SENSE IN LABOR MANAGEMENT

rate. And when he did the inevitable result was an immediate fall in production, a rise in the unit cost, and fuel was added to the flame of the workers' discontent.

One instance has come to my attention of an employer who set piece rates in his foundry unwisely; and when he saw the results he trumped up an excuse and closed the foundry. Thirty men were out of jobs. Presently the foundry opened again, but not one of the old men was taken back. A new complement of workers had been hired at a new piece rate, which allowed them by hard work to earn what this employer was satisfied "a man who works with his hands" should earn.

When management errs and recoups for its errors at the expense of the men it is scarcely strange that the latter have taken means, sometimes warlike, to bring home the fact that they are not, as the old idea in management seemed to imply, mere commodities to be bought like steel and crude rubber. It can be granted readily enough that labor in our modern organization of industry is a commodity. It may also be bought. But there the resemblance to all other commodities ends. For labor is the product of sentient beings. It is a commodity with a kick. It has an eye, to see what is going on; an ear, to observe

THE NEW THOUGHT IN MANAGEMENT

the sincerity in an employer's words; a voice, to "call his bluff"; and sensibility, to decide whether he is a hypocrite, a villain, an ass, or a gentleman. Labor is a commodity. But you cannot separate labor from the human beings who produce it. And those human beings are not commodities, and cannot be bought and sold. You can handle iron ore by the ton or the hundreds of tons. Sample a bit taken from a car and you have the formula for the lot. But the multiplication-table fails to work on human beings. Multiply one typist by five and you have—not merely five typists, but Sarah, Lizzie, Hildah, May, and Dorothy. The new attitude in management recognizes that.

It would be unfair not to admit that the increasing size of business units had much to do with the decline of the simple righteousness that used to correct most grievances as they arose. The employer was likely to be righteous so long as he knew labor as "John" and "Bill"—but when he got to sitting in a secluded front office where the hundreds of "Johns" and "Bills" who later worked for him never came he looked through a twisted glass. "Labor in the mass" was the way he came to think of the individuals. And he counted on his fingers the "commodities": rubber, steel, labor.

COMMON SENSE IN LABOR MANAGEMENT

There came the break. "John" and "Bill" never did forget that they were individuals!

Strangely enough, most employers neglected to adopt with labor an expedient that they were forced to adopt in handling nearly every other part of their business. It was necessary, as sales increased, to intrust sales management to experts; as advertising increased in volume, advertising experts were employed; as purchases grew, the job of buying was turned over to expert purchasing agents; but as the number of workers increased, it was the exceptional and not the typical concern which employed an expert to direct relations with workers—relations which the employer had earlier directed himself, just as he once personally directed sales, advertising, and purchasing. It is characteristic of the new attitude of management to recognize that these relations must be in the hands of an expert, either the employer himself or some one else specially qualified for this delicate task.

As the unions gained strength they were able to introduce the scheme of uniform wage increases. The employer, like Atalanta, had to throw this golden apple over his shoulder when the race got too close. In abnormal times, uniform increases are not always undesirable. They may, for instance, offset the

THE NEW THOUGHT IN MANAGEMENT

increased cost of living. When they aim at that end they are not given particularly as rewards of merit.

But the result under normal conditions is easy to visualize. A uniform wage increase, say, is granted to a drill-press gang. Jack and Jerry work side by side. Jack, who has placed his development of the art of loafing before his love of the job, really has been earning less than his wages. Jerry has been earning more and getting the same as Jack. Jerry has a wife and two babies, perhaps. He started in life with serious purpose. Ambitious, he went to work in the factory with the thought that possibly some day, by hard work, he might become a foreman or even the superintendent. He studies Jack, naturally, knows that he is a conscientious loafer, and despises him.

What is the result when both men get a 10-per-cent. increase in wages!

Jack gloats. He curls up his biceps and boasts, "We made him come across!" And back in his head is the thought, "Just wait a bit—we'll make him do it again!" To Jerry the injustice comes home. His ambition has sufficient reason to lie down and go to sleep.

Who profits! Surely not the employer, for Jack despises him and Jerry resents his in-

COMMON SENSE IN LABOR MANAGEMENT

justice. Jerry gets only what is due him, or perhaps less. Jack gets what he has not earned, and pockets it with a vicious wink.

A wage increase is logically a simple instrument of justice—the machinery by means of which an employee who earns more receives more. But the uniform wage increase distorts the original purpose, becomes, in most cases, an instrument of injustice, and encourages inefficiency.

The second thesis in the old managerial attitude, not often stated in precisely these terms, but seldom absent from the employer's mind, was, "I'm boss, and I'm going to run my business!"

It is often impossible in modern industry, owing to the intricate interrelations of operations and departments, to determine where the credit for a given achievement should lie. It is the result, usually, of many minds and hands. Some of the workers have merely planned; others have merely executed the plans. The final result is reached through a process of continual co-operation. It is obviously unfair to give all credit to the planner and none to the men who execute. Both perform necessary functions. In the early days of most businesses it is usually quite easy to

THE NEW THOUGHT IN MANAGEMENT

locate the responsibility for progress, for usually one mind or a very few minds are dominant. This is less true in the older business which has acquired the momentum of rapid growth. The tendency of business-founders after the first strenuous years is, often, to let the momentum replace their own efforts to quite an extent. When that happens it is ordinarily difficult to decide where the prime responsibilities for progress lie, for others than the founders provide good ideas and invent machines and processes. The boss in fact—the man actually directing and doing—may not be the boss in name.

Another angle is the consideration of working conditions. Dominant interests must in the long run control, in industry as in government. The man chiefly interested in a given condition logically must control it, directly or through his representative. In the old managerial attitude the employer commonly felt little or no interest in the dark stairways, wet basements, and dangerous machines where some of his men worked, except as he might be called on for compensation under the law if some one got hurt. The new attitude is, of course, that the employer has a direct interest in such conditions, for the workman's health is at stake; and we have begun to realize the

COMMON SENSE IN LABOR MANAGEMENT

cost to industry of unhealthy workers and a rapid labor turnover.

Perhaps in wages, therefore, and surely in working conditions and the chances for promotion and for realizing his ambition through his work, the worker has an equal interest with the employer. And it is part of the new managerial attitude to recognize the worker's interest. The methods of making this recognition effective vary about as greatly as the individualities of managers.

Under the compulsion of new times and conditions, employers perforce take a new point of view. If their point of view lacks fundamental justice, if it fails to create in the worker a feeling of confidence as regards the righteousness of the employer, there can be no answer to the human problem in business. But there are daily assurances that the attitude is becoming constantly more just.

Science applied to the study of man at work has revealed sources of energy and possibilities in the use of time that in a majority of instances have hitherto been ignored. It is characteristic of the new attitude in management to take stock of these energies and to develop such methods that each man may have, not only the opportunity, but also the desire, to make the fullest use of his powers.

THE NEW THOUGHT IN MANAGEMENT

There is a spirit abroad that the true aim of business is service to society, and that the rewards of business enterprise will in the end be proportionate to the service rendered. And there is abroad also the feeling that it is right and necessary, and profitable, to see that the workers have a more equal share in the satisfaction of serving and the rewards of service.

II

HOW FAR CAN INDUSTRIAL DEMOCRACY GO?

The Bourbon and the democrat in politics; in industry—Difference between governmental and industrial democracy—Workers do not want responsibility, but refuse to be pawns—Giving a voice does two things: 1. Stops progress of hidden discontent; 2. Uncovers the valuable ideas of workers—Varieties of methods that successful managers use—Employees' conference plan of the Procter & Gamble Company—Putting workers on the board of directors—The General Ice Delivery Company's plan—Advantages and dangers—A semi-monthly meeting of elected representatives with the president; The Browning Company's plan—The "house-and-senate" plan—Difference between self-direction and management—Practical democracy at Filene's—Novel features of the International Harvester Company's plan—The substance of the plan less important than the spirit in which it is executed.

THE Bourbon, Louis XIV, arrogated all the functions of government to himself and made his name famous and feared in seventeenth-century Europe by the policy which he summed up in the phrase, "*L'état, c'est moi*" ("I am the state!"). More than two centuries later the pronouncement of Woodrow Wilson in a fundamentally different type of government was, "The whole purpose of democracy is

HOW FAR CAN INDUSTRIAL DEMOCRACY GO?

that we may hold counsel with one another, so as not to depend upon the understanding of one man, but to depend upon the counsel of all.”¹

We have had the Bourbon in industry. Typically, he was the man who said, “I’m boss, and I’m going to run my business.” But it is evident that industry is coming to accept as essential to its well-being some of the principles of governmental democracy. Management in industry, hitherto, has commonly been the agent solely of the owners of capital. But the most successful managers to-day are giving closer attention to the voices of those workers who have no share in the ownership of the capital invested in the business. This is done to the end that they may not have to “depend upon the understanding of one man, but to depend upon the counsel of all.” At the same time, it may as well be confessed frankly that there is much talk of the democratic control of industry without careful definition of the real meanings implied in the phrase, and with only a superficial understanding of the steps that may best be taken to provide for the kind of democracy in industry that will prove most profitable and practical all around.

¹ *The New Freedom*, by Woodrow Wilson. Doubleday, Page & Co., p. 105.

COMMON SENSE IN LABOR MANAGEMENT

What we need are clear definitions of terms.

Although industries and governmental democracies are alike in being collections of individuals, it must be recognized that they differ radically in their premises and purposes. A democratic form of government is the machinery which human beings set up to protect their inalienable rights as individuals in a social environment. An industry is the machinery designed to make, distribute, or facilitate the use of articles having economic value. In a democracy it is written into the preliminary agreement, the constitution, that every citizen shall have an equal voice, exercised through the vote, in the management of the government and even in changing its fundamental character if that proves desirable. In an industry it is not commonly a condition of the understanding between employer and employee that the latter shall have a vote equal in weight with that of the employer, or anything like it. Such an industrial organization might be built. Attempts to do so have been made, with more or less success. But in the typical case the employee brings as his contribution to an organization already going—an organization which he may enter or not, as he chooses—a skill or intelligence for which the employer is willing to pay.

HOW FAR CAN INDUSTRIAL DEMOCRACY GO?

The employer is supposed to contribute capable leadership.

Assuming for the moment that the contract relating to payment is made with nice justice to both parties, there yet remains a host of other questions bearing on the relations between the employer and employee, on which the employer by himself is not always best qualified to bring to bear the wisest intelligence; on which, in other words, it is decidedly advantageous to the business and to all concerned in it for the employer and employee to "hold counsel with one another."

In that sense, then, there is an analogy between a government that is a democracy and an industry. But the term, "industrial democracy," lightly used without a definition of terms or an understanding of what is really involved, may readily lead to all sorts of erroneous conclusions, however well-intentioned.

It is doubtful whether most workers want to assume the responsibilities of management. Lord Salisbury on one occasion said that people do not want district councils, but circuses. In the main, they want the chance to achieve simple happiness in the job and out of it, the chance to live their lives agreeably. And that chance they cannot have if natural

COMMON SENSE IN LABOR MANAGEMENT

and required means of self-expression are denied to them, if their work is repugnant, if the management, their associates, and working conditions are such that they cannot retain their self-respect, or if the rewards of their work are insufficient to provide fairly the needs of life for themselves and their families. To the end that they may assure themselves a greater share of chances for happiness, workers are feeling the need of having a voice that can be heard in the counsels of management. To the end of better business relations with workers and greater efficiency in work, employers are providing ways for them to have such a voice. While the typical worker does not want responsibility, he does deeply resent the feeling that he is a mere pawn to be shifted about at the employer's pleasure, without the means of expressing the direction of his thought on those policies of management which vitally affect his well-being. The strike is a method of expressing disapproval when conditions become acute. But it is costly and precipitates warfare, and ends by being satisfactory neither to the employer nor to the employee.

The provision of a means whereby workers may be heard by management has two sides to it. One is merely negative, and the other is positive or constructive.

HOW FAR CAN INDUSTRIAL DEMOCRACY GO?

The negative side is that getting men to express themselves, or making it perfectly clear that it is the desire of the management that they do express themselves, and that what they have to say will be given fair and due consideration by men of sufficient authority to make adjustments, tends to prevent brooding over seeming injustice, with all the evil consequences thereof. Fires that start in the underbrush where no human eye can see them are often most dangerous. They have a chance to gather headway before discovery. Getting men to tell about the little matters in the conduct of management that annoy them and make them unhappy, before these have a chance to grow into dangerous industrial fires, is a difficult and delicate art, but vitally important.¹

¹ An indication of the nature of the grievances against management that workers may store up in their minds is found in the Report of the President's Mediation Commission (Government Printing Office, 1918). Speaking of the operation of a newly established grievance committee in the Arizona copper regions, the Report says: "In one district 250 grievances were disposed of in five weeks. Many of the grievances were found to be trivial or groundless; they were, however, the surviving surface manifestations of the old unhealthy relationship. The prompt disposition of such grievances prevented that balked sense of justice on the part of men which so often leads to the explosion of a strike. Instead of a policy of drift, with intermittent eruptions, there is now the continuous administration of industrial machinery, which serves as a bulwark for stability. Conditions are by no means fully normal; old feelings and old bitternesses still smolder, but new habits and new hopes of co-operation between management and men are steadily being built."

COMMON SENSE IN LABOR MANAGEMENT

The positive side is that workers, if only by their complaints, may reveal constructive steps that can be undertaken with profit. Men—even common workers—are not mere muscle. They cannot help but have ideas about their activities and experiences. However crude and incorrect the ideas may be, they yet often contain the kernel of valuable constructive plans. It may be made in the interest of all that these ideas shall be developed.

Perhaps it is most immediately necessary to give thought to the first of these considerations—the mere provision of an adequate means of letting the men get the willing ear of management with the tale of their grievances. For the fact must be faced that in many instances this simple privilege has been denied. In the last analysis that very fact can probably be found at the root of some serious industrial conflicts. Let it be borne in mind, however, that the business may profit greatly if the management encourages intelligently, and considers justly, those ideas of the men which have intrinsic value. This will be dealt with at greater length in a later chapter.

Granted that it is important to provide the channels and to encourage the habit of inter-

HOW FAR CAN INDUSTRIAL DEMOCRACY GO?

change of ideas between management and men,
what are the methods of doing it?

Naturally, there is no one best method. In fact, there are about as many methods as there are managers. Some managers constitutionally prefer the safeguard of machinery which provides in advance for every conceivable contingency; others symbolize their desire to receive the ideas of employees by nothing more elaborate than the open office door. The size of the concern, and its character, naturally have a bearing on the method used. Let us examine a few plans that have worked in various concerns.

The Procter & Gamble Company has an Employees' Conference, with a constitution and by-laws. I quote the following from a company booklet:

The purpose of the plan is to provide for regular conferences between representatives of the employees and representatives of the management, in order to afford to the employees ready means of making suggestions and of bringing to the direct attention of the management matters which, in their opinion, need adjustment or correction, as well as to give to the management opportunity to outline its views and plans to the workmen, to the end that both may benefit and that a fuller understanding between them shall exist.

It is provided in the constitution that the committee shall be composed of elected repre-

COMMON SENSE IN LABOR MANAGEMENT

sentatives of the employees, each of whom must qualify as one "who is an American citizen, or has filed his first application for citizenship, and who has been in the employ of the company continuously for one year just prior to the election." Departments having fifty or less employees elect one representative for each fifty. All permanent employees of the operating department who have been in the company's employ for sixty days just prior to the election are eligible to vote. The committee elects its own chairman, vice-chairman, and secretary to serve one year, and meetings are required to be held at least once a month, ordinarily between the hours of six and nine on the evening of the first Monday of the month; and, "in order to promote friendly relationship among all those who attend the meetings," it is arranged, whenever possible, to serve supper to those present at the regular meetings. The business meeting is held immediately after supper.

The management is represented at the meetings of the committee by representatives selected from time to time by the president or general manager of the company. A further quotation from the constitution will indicate the method of operation:

HOW FAR CAN INDUSTRIAL DEMOCRACY GO?

Any representative may present for discussion and vote any matter or matters affecting the general welfare of the employees in their relationship to the Procter & Gamble Company. . . .

Any recommendation of the committee, which has been approved by the affirmative vote of three-fourths of all the members of the committee present at the meeting when the recommendation is voted upon, and which has been concurred in by the representatives of the management present at the meeting, shall be considered as final.

Any recommendation which has been approved by the affirmative vote of three-fourths of all the members of the committee present, but which has not been concurred in by the representatives of the management present at the meeting, shall be brought up for further discussion at a special meeting to be held two weeks later. If it is not, at this meeting, approved and affirmed, as provided in the preceding paragraph, it shall then be referred to the board of directors of the company for decision.

Any recommendation or proposed action which has been defeated by failing to receive such affirmative vote of three-fourths of all of the members of the committee present shall not be brought up for action again within three months, except by the unanimous vote of all members present at any regular meeting of the committee, during that period.

The aim is to make these committees—there is one in each of the company's three main plants—really responsible bodies. I shall cite but one instance of a recommendation made

COMMON SENSE IN LABOR MANAGEMENT

by a committee and accepted by the company. The question was the change in wage scales incident to going from a ten-hour day to an eight-hour day. The report provided for ten hours' pay for eight hours' work, increases in most scales, although the lowest paid positions received the highest percentage of increases, and it set a minimum wage for competent, adult male labor of fifty cents an hour. The company found this a fair arrangement.

The general plan seems to be working satisfactorily in so far, at least, as the committees themselves are concerned. The members are gaining an understanding of the difficulties and point of view of the management, and the management, in turn, is learning something more of the point of view of the employees.

This result alone naturally will not justify fully this or any other similar plan. The real end to be achieved is to breed also in the minds of the rank and file of the workers, as well as in their elected representatives, a feeling of complete confidence in the intention of the management to be just. That feeling is won or lost in large measure by the daily little acts and contacts of the management and the workers. The conference plan at least has the merit of recognizing and providing for the thing of main importance—that is, the need for

HOW FAR CAN INDUSTRIAL DEMOCRACY GO?

giving employees a means of expressing themselves on the policies of management that vitally affect them. It does not remove the final decision from the place where it naturally belongs, namely, in the hands of the management.

The Procter & Gamble Company has taken an even further step in a similar direction. It has been decided to give the employees an opportunity to select, through their conference committees, one from each of the three main plants, representatives whom the management will recommend to the stockholders for election to the board of directors. The idea is that this will be an added bond between the workers and the management.

The General Ice Delivery Company, of Detroit, has carried this idea to the extent that the stockholders have actually placed workers in majority control on the board of directors.¹ It must be pointed out, however, that a plan of this sort is in fact merely the substitution of one kind of management for another. The new management—the worker-

¹ Legal status has been granted in Massachusetts to employee-elected members of the boards of directors. Senate bill No. 378 of that state reads in part: "A manufacturing corporation may provide by by-law for the nomination and election by its employees of one or more of them to be members of its board of directors. . . . A director elected by the employees shall have the same rights and powers and shall be subject to the same duties and responsibilities as a director elected by the stockholders."

COMMON SENSE IN LABOR MANAGEMENT

controlled board of directors—still has the problem of relations between itself and other workers. However desirable the plan may prove under certain circumstances, it must always be borne in mind that there is danger lest the worker selected from the ranks to serve on the board of directors will change his point of view subtly and perhaps unconsciously. He may absorb the ideas of the dominant men with whom he is chosen to associate, to the extent that he no longer truly represents the workers in the sense that he knows their thoughts and their thoughts only. Of course, if he can carry back his new point of view to his fellow-workers, and thereby is able to win their confidence in the just intentions of the management, his function is valuable, and he serves the best interest of both the management and the men.

A less formal plan than that of the Procter & Gamble Company is in operation in the Browning Company.¹ Mr. Sheldon Cary, president of the company, twice a month meets informally elected representatives of the employees. There are two representatives from each department of the shop—one from the day force and one from the night force. A

¹ See his article, "How My Men Help Me Manage," in *Factory*, May, 1919, for full details of the plan.

HOW FAR CAN INDUSTRIAL DEMOCRACY GO?

department may send the same or a different man every time.

"I preside at these meetings whenever I am in town," says Mr. Cary, "and it has to be mighty important business outside the city to prevent my attendance. They are called at two o'clock and last until business is finished. The superintendent sits in, but no foremen are present.

"... The meetings are entirely informal—the cigars are passed and everything is friendly, but at the same time frank—nothing is hidden. The men feel free to take up any subject that seems to them to make for a better understanding or a better production record. They feel that they can say what is on their minds without it going against their records as workmen. The absence of the foremen makes for greater freedom in this regard.

"Let me say right here that there is no voting. I give final decision on all questions. If the decision is contrary to the general opinion of those present, I explain carefully the reasons for coming to the conclusion that I do. This is not a plan where the men decide management questions, as is done in some plants. Rather it is a means of getting the views on all sides before the executives make a decision. . . .

COMMON SENSE IN LABOR MANAGEMENT

“While we want criticism and complaint to come out in these gatherings, we want constructive criticism. In fact, that’s why we have emphasized the name ‘improvement meetings’ and carefully avoided the word ‘grievance.’

“It is my aim to act immediately upon any suggestions which are made at these meetings. This is important, as it impresses upon the man the value of his good advice.

“The men appoint their own secretary and the minutes are circulated freely. They are posted upon all of the bulletin boards.”

Mr. Cary employs a few more than six hundred people, and divides between his company’s profit-sharing plan and the improvement meetings—which are visible expressions of the management’s point of view on its relations with workers—the credit for the unusually pleasant and profitable character of these relations. He believes that the plan is practicable for an organization running up to about one thousand employees, and in larger organizations if the plan is operated for units of about one thousand workers each.

A plan of organization that has proved popular and resultful in several organizations where it is used is patterned after the organization of the United States govern-

HOW FAR CAN INDUSTRIAL DEMOCRACY GO?

ment. The cabinet, with the president of the company at its head, usually consists of the executive officers. The legislative bodies are a senate and a house of representatives. In the former, all foremen and heads of departments are members, while in the latter sit elected representatives of the employees. Details of organization, such as the number of constituents represented by each member of the house of representatives, the length of a representative's term of office, the routine of procedure, subjects legislated on, standing committees, and the like, vary greatly in different concerns. In so far as the machinery thus established has been properly encouraged as a means of enabling workers to express their thoughts on matters of direct mutual interest to themselves and the management, it has proved its worth, and the common experience has been that the veto power, which rests with the cabinet, rarely need be exercised.

There seems to be a genius for social self-regulation, a balance-wheel force acting for moderation, in human beings who have a sense of their responsibilities. Those who have had most experience testify constantly that workers do not overstep the bounds of fair dealing when given the right of self-

COMMON SENSE IN LABOR MANAGEMENT

management. Face a man with a condition that closely concerns him. Put it up to him to decide what shall be done. The mere fact that he will have to live with his decision, and make good or fall down on it, tends to temper his decision with wisdom.

This genius for self-direction, however, differs from the quality required for management, which has duties relating to the organization, co-ordination, and direction of financial and material forces, in addition actually to executing the policies of the human, or social, relationships in industry. Management is almost synonymous with leadership. The quality of leadership in a distinguished degree is rare. It cannot be legislated into existence. Without it, the best machinery for the self-organization of workers is bound, sooner or later, to fall of its own weight. I say this not in disparagement of any plan or type of plans, but because it is so often an error of managers to believe that if they can find just the right scheme, all problems of the human relationships of business will be immediately solved. It is no such thing. The plan, almost any fair plan, may aid management. But it can never overcome fundamental faults in management, in leadership.

There is much proof that the "house-and-

HOW FAR CAN INDUSTRIAL DEMOCRACY GO?

senate" plan, as it is usually called, is commonly regarded with favor by the workers. I shall cite only one bit of evidence, a copy of a vigorous letter sent by the house of representatives of a Cleveland concern to union leaders, when the latter called a general strike of garment and clothing workers and endeavored to include the employees of this concern. The letter reads:

We, the members of the house of representatives of the Printz-Biederman Company, have been elected by the employees for the purpose of taking up all matters pertaining to the conditions under which we work and for the purpose of making the rules under which we work.

In the past three years we have reduced the working hours from forty-nine and three-quarters to forty-eight. We have raised wages four times in two years. We have put into operation a wage system that increases the pay of each employee every month, in accordance with the increase in the cost of living.

Our wage committee fixes the prices on all operations with the management, and handles all complaints which arise regarding wages.

We are entirely satisfied with our working conditions and with our own system of collective bargaining. We do not need any outsiders to help us, because we have fully adequate means that have been tested out by experience to meet our needs.

By threatening to call a strike without our approval, you are trying to change our conditions, which we

COMMON SENSE IN LABOR MANAGEMENT

repeat are entirely satisfactory. Certainly, if your union is sincere in its claim that it is trying to assist the workers, it can prove it by leaving us alone.

Incidentally, all but seven of the nine hundred and fifty employees remained at work during the strike.

The idea of self-governing employees has been carried particularly far in Filene's, a Boston department store. Through the Filene Co-operative Association, the employees regulate every activity touching themselves—an insurance fund, a band, extension study courses, athletics, outings, summer camps, store hours, and the like. I am going to quote rather fully from Mr. Filene's description of this plan.¹ Speaking of the association, which is known in the store as the F. C. A., he says:

“Every employee belongs to it by virtue of his employment. It has no dues; a member merely pays for what he gets. The store contributes part of a floor as club quarters and aids in other directions. But the ultimate aim of the organization is to be fully self-supporting. More than one hundred thousand dollars now flows through its treasury in the course of a year. Its present organization is a growth.

¹“Why the Employees Run Our Business,” *System*, December, 1918, and January, 1919.

HOW FAR CAN INDUSTRIAL DEMOCRACY GO?

“At first all of the members directed its affairs through mass-meetings. Then that became too cumbersome and they elected a council of twenty-three members, just as the old town meetings found it necessary to elect town councils the more easily to transact current affairs.

“The council is responsible to the members of the F. C. A., and its bi-weekly meetings are reported back to the members through the weekly paper, *The Echo*, or by written notice. If the actions of the council do not please the members, they reserve the right of referendum and recall.

“At first the council had a representative for each fifty employees, but that caused the large departments to have a preponderance of representation, so now the council contains one member for each of the twelve sections of the store, nine members elected at large, and the officers. Directly responsible to the council are a president, vice-president, secretary, and treasurer, all of whom are elected by the members.

“Because of the growing activities of the association it became impossible for any employee serving in the association to give adequate attention both to the store and the F. C. A. This resulted in the establishment of a permanent executive secretary and staff.

COMMON SENSE IN LABOR MANAGEMENT

“The executive secretaryship is a development of the office of welfare manager created some eighteen years ago. The firm at that time hired a manager to engage and discharge employees, act as educational director, and generally be an intermediary between the firm and the people and to assist the F. C. A. whenever assistance was asked. In 1907 we made a change; we abolished the office of welfare manager and instead decided to pay a salary to the executive secretary of the association.

“The secretary, although his salary is paid by the store, is in no way responsible to us. He is the executive and administrative head of the F. C. A., is appointed by its president, and must be confirmed by a five-sixths vote of the council. The secretary is thus the intermediary between the association and the store management and, in any disputes between an employee and the store, he appears as counsel for the employee.

“The F. C. A. has at least three absolute powers: If two-thirds of the members vote in mass-meeting to change, initiate, or amend any rule which affects the working conditions, the vote becomes operative at once. If five-sixths of the members of the council vote for any rule or its repeal, their judgment goes

HOW FAR CAN INDUSTRIAL DEMOCRACY GO?

into effect at the close of one week, unless in the mean time it has been vetoed by the general manager, the president, or by the board of managers of the corporation.

“But the measure may go in force in spite of the veto by a two-thirds vote of the mass-meeting of the F. C. A. This power is so broad that, as may easily be seen, it will cover almost any situation that may be expected normally to arise, for there are precious few things which do not affect the discipline or working conditions of the store.

“They have used the power wisely. One of the first things they did was to cut down the voluminous rule-book to a tiny three-by-four-inch pamphlet of seventeen pages. For a mass of more or less complicated rules they substituted a comparatively few fundamental ones and put stress on the spirit of the interpretation instead of on the letter. We could not have done that because we could not have asked that laws made by us be given other than the strictest reading.”

An element that has contributed greatly to the success of the self-direction of employees in this concern is the arbitration board. It is in effect a judiciary with twelve members. Any employee may, in necessity, lay his case before it, if he feels that he has

COMMON SENSE IN LABOR MANAGEMENT

been unfairly treated in any decision of a superior or in the action of an F. C. A. committee or member. The cases most commonly heard concern dismissals, shortages, missing sales, lost packages, breakages, changes in position or wages, transfers, and location in the store. The duty of the board is to see that justice prevails, by conducting an exhaustive examination of each and every case.

One satisfying fact about this plan is that it has grown gradually and normally out of conditions. There is always the risk in bringing a ready-made plan into an organization that it will in some way fail to adjust itself to the temper of the workers or the management, and may thereby do more harm than good in the end.

The International Harvester Company, in proposing its plan of industrial councils, submitted the question of accepting or rejecting the plan to a vote in each of its twenty plants. Upon the first vote seventeen of the plants accepted it by a majority vote and three rejected it. Later, upon the initiative of the employees, it was brought up for reconsideration in the three plants that at first voted against it, and was accepted by all but one.

This plan has some novel features.¹ It pro-

¹ The full text of the constitution is given in Appendix I.

HOW FAR CAN INDUSTRIAL DEMOCRACY GO?

vides for a works council at each plant, consisting of elected representatives of the employees and an equal or less number of representatives of the management. A representative of the employees may be recalled by a majority vote of his constituents if at any time his services become unsatisfactory to them.

The company pays employees at the regular rate for the time they are forced to spend on the activities of the works council; but, in order to guarantee the man the right to entire freedom of action, he is privileged to arrange for compensation to be paid by pro-rata assessment among the employees.

In the meetings of the works council the representatives of the management and of the employees vote separately. The vote of a majority of the employee representatives is taken as the vote of all, and is recorded as their unit vote. Similarly, the representatives of the management record a unit vote. In case of a tie it is in order to reopen the discussion, and to offer and vote on a substitute or compromise recommendation. If, then, the vote remains a tie, the question may be referred to the president of the company. It is within his discretion to propose a settlement or submit the question to a general council,

COMMON SENSE IN LABOR MANAGEMENT

made up of representatives of the works councils of as many of the plants as in his opinion are affected. Failure to reach a settlement in either of these ways may result in referring the question to arbitration.

Cyrus McCormick, Jr., of this company, relates an interesting fact in proof of what the plan has done to improve the condition of workers. The management never knew that about one hundred men were working for the company seven days a week, twelve and one-half hours a day. One of these men kicked, through his representative, and the abuse was stopped.

It has been a rather common experience that once a concern establishes the machinery by which employees can reach the ear of management in a way that assures the adjustment of unfavorable conditions, the number of cases needing attention tends to decline. The explanation is simple. Everybody knows that the machinery exists and this has the effect of making foremen and department heads and even the chief executive officers a little readier to see that complete justice is done in individual cases.

It would require a large volume to describe in detail the dozens of plans that have been developed in plants of all kinds and sizes

HOW FAR CAN INDUSTRIAL DEMOCRACY GO?

with the aim of providing a closer mutual understanding and a recognized means of handling grievances arising between management and men.¹ I think enough has been said, however, to give some indication of the lines along which these activities are most commonly undertaken.

It must be repeated emphatically and never lost sight of that the success or failure of any or all these plans depends in the last analysis upon the attitude and intentions of the management. If it is able to convince workers of its thoroughgoing righteousness, if it can eradicate the distrust too often bred in the past by blindly autocratic methods, nearly any good plan is fairly assured of success. Expedients adopted merely through fear, and without the intention of complete justice, are bound to be seen through by workers, and sooner or later they will surely fail. As an exceptionally successful employer said to me, "You can't hand men lemons and expect to get back oranges!"

¹ A mass of information on the subject has been assembled in a report by A. B. Wolfe, entitled, *Works Committees and Joint Industrial Councils*. Among others, the Whiteley Committee's proposals in Great Britain are described in detail. The book was published by the Industrial Relations Division of the Emergency Fleet Corporation of the United States Shipping Board, January, 1919. See also *American Company Shop Committee Plans*, published by the Bureau of Industrial Research, New York, 1919, for a digest of twenty plans for employees' representation.

III

WORKING CONDITIONS AND INDUSTRIAL UNREST

Effects of the worker's environment; industrial and social aspects—Providing good working conditions is not charity, nor a substitute for wages—Experience of the Retail Credit Company—Why workers need a voice in determining conditions—The responsibility of the management—Provisions for safety and health—Sanitation—Restaurant facilities—Congenial fellow-workers—Alleviation of fatigue—Light, heat, and ventilation—Industrial medicine—Hours of work—Recreation—Beautification of surroundings.

A FILTHY factory toilet is a symptom of poor management. It indicates either carelessness or short-sightedness in regard to the conditions under which employees work. Short-sightedness and carelessness are bad for the management, bad for the worker.

Prof. Carleton H. Parker, a keen student and analyst of the worker's mind, wrote: "The shrewdest I. W. W. leader I found said, 'We can't agitate in the country unless things are rotten enough to bring the crowd along.'"¹ The worker's environment, the conditions

¹ *Survey*, March 21, 1914, p. 769.

WORKING CONDITIONS

under which his work must be performed, and all the incidental contrivances and factors that make for his comfort and convenience, may afford an effective stimulus to efficiency; or, if these things are unfavorable and "rotten enough," they may become a powerful argument for discontent, inefficiency, distrust of the management, and all the evils potential in this state of the worker's mind.

The inefficiency that is nearly certain to result when the worker is darkly suspicious and dissatisfied is in itself a sufficiently sound business argument in favor of providing excellent working conditions. There is in addition the social argument. Men and women who work in surroundings that are unhealthful or dangerous, or that induce occupational diseases, are not normally capable of discharging as well as they should their duties as citizens and parents. Social legislation, in so far as it exercises control over working conditions, always crystallizes minimum requirements, a fact which employers sometimes refuse to recognize. It is often good business to go farther than the law does.

Many employers recognize these important facts. Many have done much to improve conditions. And some of them, it must be confessed, because of their approach to the

COMMON SENSE IN LABOR MANAGEMENT

problem, have run head foremost into the brick-wall fact in human nature that people do not want mere charity. It is not charity to take counsel with the workers in regard to reducing working-hours, when the hours are unjustifiably long; nor to provide safety devices for dangerous machines, and to devise methods to reduce the hazard of operations; nor to furnish workers with pleasant places in which to eat their lunches, sanitary toilets, plenty of fresh drinking-water, and convenient places in which to wash up and dress; nor to make arrangements whereby they may have some form of outside recreation, if they wish it.

These and similar activities usually considered by management under the head of "welfare work"—a term that frequently becomes odious to workers—are not charity. Still, it is not uncommon to hear an employer speak smugly of what he has done along these lines, as if he, being somehow superior to his workers, was making them happy! That is not the frame of mind in which to approach this task of management. The manager who tackles the problem need not abandon his keen desire for profit, which is his aim as a business man; nor need he seek to turn himself into a philanthropist, which at best is risky.

WORKING CONDITIONS

Good working conditions are good business. They are the worker's right, as part of the contract of employment; and they are to the employer's best interest, because the worker who is pleasantly situated has at least the right start, psychologically and in other ways, toward efficient work. Cheat a man of his self-respect and you deprive him of a quality that should go far to make him a good worker. And no man is likely to be permanently self-respecting who is forced to use, day after day, a filthy toilet, or who is compelled to labor at a machine that is insufficiently lighted, or whose work is so fatiguing that his health is undermined.

The mental state of workers who are employed where conditions are good is expressed typically in such phrases as, "It's a nice place to work"; "They treat you right"; "They're pretty liberal folks." Usually there goes with the words a subtle indication that the man is glad to have his friends know where he is working. It is not to be supposed, however, that good conditions are a substitute for wages. Some employers have learned this lesson thoroughly, after employees for whom they had supposedly "done a lot" have turned upon them with the snarl of those who feel that they have been cheated and fooled.

In the office as well as in the factory the

COMMON SENSE IN LABOR MANAGEMENT

surroundings may affect the quantity and quality of work. Witness the experience of the Retail Credit Company, a concern which has branch offices in many cities:¹

The proper exposure is important, too, if the best working conditions are to be maintained. Almost without exception a west side is undesirable. The reason is that where a west light prevails the afternoon sun strikes directly on desks and other equipment; the glare not only gets on the nerves of employees, but it also, by actual tests, slows up the progress of our work at the most critical time of day. Our experience is that the best exposure is east or north. Likewise, our second choice is south and our third west.

The outlook from any office, though perhaps a seeming trifle, is significant when the time consumed is multiplied by the number of times a day the attention of all employees is distracted by outside noise and other influences. An office above the seventh floor is less subject to the distractions of the street than quarters below the fifth floor. But that is not the only consideration.

When an executive looks out of the window as he turns over some question in his mind he is likely to be thrown out of tune if something catches his eye in an office across the way. And, recognizing this fact, we have rated the various office outlooks in the order of desirability; outside distant view; outside cut-off view; large court.

Many factors enter into the consideration of proper working conditions; for example,

¹ "Why All Our Offices Face Northeast," by George A. Bland, *System*, June, 1919.

WORKING CONDITIONS

the climate, the nature of the work, the temperament or sex of the workers, and individual preferences. Because there are many factors, so many that the management cannot have a complete and intimate knowledge of them all, it is particularly feasible to take counsel with the workers looking to plans for improvement. In this field, as well as in determining wages, machinery for the interchange of ideas between workers and management, such as was described in the last chapter, may especially prove its worth. Little irritants that cause the worker discomfort physically or mentally may do more to make him dissatisfied than some of the intrinsically more important things. Hence the importance of getting his ideas.

The problem in its larger aspects cannot safely be left to workers, however. They do not ordinarily have the facilities that the management has to learn of or to develop new inventions, processes, and methods that may improve conditions. It is a task in which the best results are obtained when the management and the workers are in close co-operation and sympathy, and work together by the constant exchange of suggestions.

The typical worker, for instance, would certainly have realized his discomfort under

COMMON SENSE IN LABOR MANAGEMENT

conditions which at one time prevailed in a Wisconsin company. Production in this plant had normally been heaviest from early spring until late in the summer, the period of largest sales. On hot days, men working over heated ware for several minutes at a time found the temperature almost unbearable. It was a task of management to work out the plan that remedied this condition, which it did by altering operation so that the heaviest manufacturing is now done in the period from early autumn to late spring. On excessively hot days in summer certain departments are closed.

Again, the typical worker in the same plant would readily enough have realized that sand-blasting is not pleasant work. It would probably have been beyond his ability, however, to design the special automatic machines that now serve to make most of the personal contact with the work unnecessary.

When the workers feel free to communicate their ideas about undesirable conditions, knowing that the management will accept these suggestions in the spirit in which they are offered and make the proper use of them, both the managers and the workers may profit.

The subject is broad. It includes problems the solution of which calls for specialized

WORKING CONDITIONS

knowledge in many directions. Here I can hope to do little more than sketch some of the principal directions in which activity is possible and generally profitable.

I. Safety. Under this heading falls all that may endanger the worker's life or limb, as well as conditions that menace his health. The tasks of accident-prevention are two-fold: (a) to install devices that will minimize the risk at hazardous machines or equipment; (b) to train the workers to be careful. In well-safeguarded plants nine-tenths of the accidents, as a rule, are due to the carelessness or ignorance of the men. Even in plants not so well protected the percentage of accidents so caused is large. Therefore, while safeguarding is essential, the problem of educating the men in habits of caution is more serious. In many plants a committee is organized in each department for the promotion of safety ideas, supplemented by the work of a general safety committee, schemes for warning workers by signs at dangerous points, bulletins with general suggestions, and the like. It should be noted that the shop safety committee is one of the first steps, historically, in the direction of self-government among employees in large plants. The effectiveness of these committees argues that they are likely

COMMON SENSE IN LABOR MANAGEMENT

to prove similarly satisfactory in working out other problems of concern to the workers.

Health hazards are common in industry. Nearly every kind of production has those that are peculiar to itself.

Dust, fumes, poisonous work materials, bad air, bad lighting, dirt, inadequate sanitary provision, result in sick workers and poor production. . . . In the dusty trades the relation between the occupation and diseases which shorten the lives of many workers is more conspicuous than the insidious dangers which sap the vitality of workers in other kinds of production. Lead poisoning has been found among workers of many trades. Obnoxious and poisonous fumes characterize the chemical trades. Makers of explosives handle poisons that have serious dermatic and systemic effects. Those who use cutting-oils are liable to contract furunculosis, folliculitis, and other skin diseases. Miners, leather-workers, textile operatives, and workers in practically every industry are liable to special risks, not the least of which are diseases of the lungs and respiratory tracts.¹

Some of the problems of safety and health require most expert professional service. A case in point from one industry is instanced in the following:²

¹ "Treatment of Industrial Problems by Constructive Methods," a bulletin issued by the Working Conditions Service of the U. S. Department of Labor.

² "Inorganic Poisons, Other Than Lead, in American Industries," Alice Hamilton, M.D. A lecture delivered at the Harvard Medical School and published in *The Journal of Industrial Hygiene*, June, 1919, p. 89.

WORKING CONDITIONS

It is excessively hard to protect workers in Paris green. . . . The powder is very light and fluffy and it has, so far, been impossible to carry out mechanical packing. No protection can be worn which makes the skin perspire, for perspiration only increases the danger of ulceration. Respirators do this by pressing on the skin and making it soft and thin. The best procedure seems to be to plug the nostrils lightly with cotton, to plug the ears in the same way, and to smear the face over with some bland ointment. A full shower-bath ought to be taken at the end of work and the work-clothes should be clean each day. Even with all these precautions, the largest factory in Illinois has cases of arsenical ulcerations of the nostrils, perforations of the septum, ulcers at the corners of the mouth, around the genitals, and even on the feet from wearing leaky rubber boots.

It is no answer to problems like this to offer higher wages for the hazardous jobs. Devices must be perfected, and workers trained, to minimize the hazard.

II. Sanitation. Vast improvements have been made in toilet facilities, lavatories, shower-baths, decently clean floors and windows, dressing-rooms, lockers, or other equipment for the accommodation of clothes and the disposal of wastes. One need not be very old to remember the days of dark and dirty closets, the cigar-clogged urinal, the unsightly wash-bowl, and the roller-towel that had to do for an indefinite period, regardless of the

COMMON SENSE IN LABOR MANAGEMENT

number of men using it. In many factories you still find no provision made for the workers' clothes. Often they hang on nails by the windows, unsightly, and obstructing the light.

Sufficient drinking-fountains and lockers are part of the equipment of every up-to-date factory, and shower-baths are very commonly provided for dusty work. Such equipment makes for the self-respect and health of the worker, and very often it does more, helping him to increase his output and earnings by saving his time.

III. Restaurant Facilities. The worker who eats a cold lunch at his bench, or in some corner of the shop, may not be so fit after lunch as his fellow-worker who gets a well-cooked hot meal inside of him. Factories are often located where there are no adequate restaurants. This has led to the installation in many plants of various kinds of facilities, ranging from gas stoves or plates and rough benches, where the workers heat up and eat the lunches they bring from home, to elaborate restaurants, run on a business basis, but usually without profit, where the workers can select their food in as great variety as in any other restaurant. A case in point, fairly representative, is the Firestone Tire and Rubber

WORKING CONDITIONS

Company, where meals are served in three ways. Factory-workers have one cafeteria to themselves; the office-workers have another; and the department heads and executives are privileged to eat at tables where service is provided. These restaurants are located in the Firestone Club, a well-equipped building across the street from the plant. The club provides, in addition to the restaurant, bowling-alleys, a swimming-pool, an auditorium, a gymnasium, and other facilities for recreation to members. All employees of the company who pay the yearly dues, amounting to one dollar for women and two dollars for men, may join.

Some concerns which work with employees to improve housing conditions have found it important to keep the employees' lunch hour in mind, locating the houses close enough to the factory to allow workers to eat at home. This usually helps the workers to economize, and has social advantages. At Bridgeport one group of houses is close enough to permit three thousand workers to go home at the noon hour.

The plan, as is always the case, must be designed to suit local conditions. It is safe to say that few sizable plants any longer completely neglect the lunch-hour problem. The day when the workman had to warm his coffee-bottle on the steam pipes for lack of a

COMMON SENSE IN LABOR MANAGEMENT

better method is definitely passing. The shop restaurant also offers excellent possibilities of building up a good social spirit in the plant.

IV. Congenial Fellow-workers. A man who works at the side of men with whom he can be friendly and sociable may be either a better or a worse worker on that account. If the companionship is evil, the effect on his work is likely to be bad; if it is good, the reverse may be true. Wholly uncongenial fellow-workers may seriously impair a man's efficiency. And in any case it is good business at least to give the worker a chance to express himself on this point if he wishes to do so. Lack of such an opportunity may easily drive him to seek work elsewhere.

Proper placing of men when they first come to work tends to avert a good deal of trouble and dissatisfaction. Even so, a worker may find himself out of tune with his surroundings. In the Callaway Mills at Lagrange, Georgia, the shifting about of men is handled through an office known popularly as the "bull-pen."

Any man who so wishes may request a transfer to another department, or even to another of the company's mills, without endangering his tenure of his job.

The old plan left it entirely up to the man's foreman. If he happened to be in ill humor,

WORKING CONDITIONS

he might reply that if the workman didn't like it where he was, he could "get to hell out"! The new plan saves the hiring of many new workers.

V. Alleviation of Fatigue. This is a large problem. It has ramifications in many directions, and involves the study of conditions under which the human machine is best able to stand the strain of work; the development of mechanical equipment to make heavy lifting and over-strenuous physical feats unnecessary; the devising of special chairs or stools where the work is such that the worker must remain seated while at the job; the provision of rest-periods, rest-rooms, and the like. The Woman in Industry Service of the United States Department of Labor has made the following recommendations for plants in which women are employed:

"A rest-period of ten minutes should be allowed in the middle of each working-period without thereby increasing the length of the working-day. Continuous standing and continuous sitting are both injurious. A seat should be provided for every woman employed and its use encouraged. It is possible and desirable to adjust the height of the chairs in relation to the height of machines or work-tables so that the worker may with equal con-

COMMON SENSE IN LABOR MANAGEMENT

venience and efficiency stand or sit at her work. The seats should have backs. If the chair is high, a foot-rest should be provided.”

The principal purpose of motion and time studies is to enable the worker to eliminate the extra, useless motions which do so much to increase fatigue, and to arrange the materials of work so there is less lifting and walking. In many plants such studies have resulted in methods that enable the worker to increase his output and his earnings with actually less fatigue.

So simple an expedient as a rest-room, with a few cots where workers afflicted with headaches, over-fatigue, or other simple, temporary ailments, can lie down for an hour or so, often serves to put the worker in condition so that he can save his wages for the rest of the day and the company saves his time.

VI. Light, Heat, and Ventilation. Work that is poorly lighted is fertile in delays and errors, and accidents are frequent. A worker who is forced to do his work in a place that is too hot or too cold, or that is improperly ventilated, cannot, it has been demonstrated, do the best work.¹

¹ The reader who wishes to pursue the subject may find excellent material on interior lighting in the following: “What It Pays to Know About Factory Lighting,” Prof. C. E. Clewell, *Factory*, August, 1917, to January, 1918, inclusive.

WORKING CONDITIONS

Lighting is a science in which very rapid improvements have been made. Daylight is the best possible kind of light, of course, as well as the most economical; and the tendency in factory construction is toward buildings with saw-tooth roofs or practically all-window walls, which admit the greatest amount of daylight.

The open window is the old idea of ventilation. It is good as far as it goes, but it has definite limitations. In certain kinds of production, and in bad weather, the windows must be kept closed. Recommendations on heating and ventilation prepared by Mr. Werner Nygren, consulting engineer, and Dr. Rudolph Hering cover the following points as fundamentally essential:¹

1. The air should be free from dust, pathogenic bacteria, and other contamination;

2. A sufficient amount of air, properly tempered and distributed, and varying with the location of the room, the window surface, and other conditions, should be supplied;

3. Allowance must be made for the combustion of gas and oil burned for illumination and other purposes;

4. The room temperature should be kept constant and agreeable;

¹See *The National Civic Federation Review*, March 25, 1919, p. 8.

COMMON SENSE IN LABOR MANAGEMENT

5. Proper attention must be given to humidity;

6. Draughts should be avoided;

7. Excessive heat, vapor, and injurious substances arising from manufacturing processes and other sources require to be locally removed;

8. Radiators and heating coils need individual controlling devices, and must be so located as not to cause discomfort;

9. Hot surfaces, which by nature of their use do not require to be exposed, should be insulated by non-conducting material;

10. The design of heating and ventilating installations is as important as the air quantities supplied.

The solution of all these problems requires technical skill. Management is interested in the proved fact that workers can do their best work only under conditions that assure them comfort and health.

VII. Industrial Medicine. The government will not accept for military service men physically unfit in certain ways. It is recognized that a man with flat feet, bad eyesight, consumptive tendencies, or other disabilities, is usually more of a hindrance than a help on active duty. In the same way certain industrial tasks are too severe for men who are

WORKING CONDITIONS

physically unfit in one way or another; and these men may not only be disqualified for certain kinds of work, but they may also be a menace to the health or life of fellow-workers. On the other hand, men with certain minor disqualifications may do admirably some kinds of work. It is becoming more common, therefore, to provide for physical examinations at the time of employment. The spread of venereal diseases and other infectious ailments may thus be checked.

Some concerns, having the same purposes in mind, also insist on periodical physical examinations. A medical department in a plant may also help in the way of educating workers who are ignorant of proper ways to care for themselves, who fail to take adequate care of their teeth, or their diet, or who are afflicted with organic diseases of the presence of which they are entirely ignorant. The department also gives first aid to injured workers and to those who become suddenly ill; and it may give valuable service by refusing to permit workers who have been ill or injured to resume work until they are fully able to do so. In all of these ways the department is of equal benefit to the management and the workers. It is true that workers do not always recognize the benefits. But that is usually due to

COMMON SENSE IN LABOR MANAGEMENT

the failure of management to use effective methods to overcome natural hesitancy, fear, or ignorance—in other words, to “sell” the plan to workers.

A typical result of such a department, of direct interest to management, is disclosed in the following experience at the Remy Electric Company's plant:¹

Nearly forty-five hundred new employees were examined to keep three thousand positions filled. In one department the work is of such a character that it costs one hundred dollars to teach a new employee to become proficient. The work is strenuous, requiring the employee to stand, and the pay is accordingly large. During the six months prior to the establishment of compulsory examination before employment twenty-five employees asked for transfer to other departments, and this transfer cost the company all the money which it had invested in training these employees for their special work. Since physical examination before the hiring of an applicant has been instituted many applicants, for physical reasons, are not permitted to work in the departments selected for them by the employment office. Suitable positions, however, can nearly always be found for these sub-standard individuals.

VIII. Hours of Work. No problem, except wages, is more commonly a bone of contention

¹ Quoted from an address by Dr. Maynard A. Austin, entitled, “Medical Inspection of Factory Employees,” printed in *The Journal of Industrial Hygiene*, June, 1919, p. 103.

WORKING CONDITIONS

between the management and workers than the hours of work. The time a man has to himself away from his job is one of his most precious possessions, *when he is not keenly interested in his work*. And it is, I believe, a more serious indictment against industrial conditions and management methods than is commonly supposed that the debate on this question should be so serious and, commonly, acrimonious. It is unquestioned that certain types of work are so arduous that short hours are essential. And it is not to the interest of the employer or of the employee that the work should be continued beyond a reasonable period. The worker tends to lose his health or resilience, and he has no proper opportunity to participate in social, recreational, and educational activities. The employer, on the other hand, buys the work of a decreasingly efficient man.

But when hours of work are on an admittedly reasonable basis the agitation for further decreases means that the management has failed to make work interesting or even reasonably satisfying, and the worker arrives at the natural determination to get all that he can and give as little as he can. It is a symptom of the failure of the management to gain the interest, co-operation, and confidence

COMMON SENSE IN LABOR MANAGEMENT
of workers. As a symptom, it is worthy of very serious consideration.

The worker may be wholly right in his request for shorter hours. His work may be too exacting. If that is the case, it may be distinctly an advantage to the employer to shorten the hours. But if the request is not justified on that score, the employer still needs to examine his methods carefully to discover what it is in his management methods that has failed to make the worker pleased with his work and satisfied to carry it on through a reasonable period.¹

IX. Recreation. I mentioned, in passing, the recreational facilities of the Firestone Club. The kind of recreation that the worker takes may have a direct bearing on the quality of his work. It is therefore a matter of interest to the employer. It is commonly held to be improper and undesirable for an employer to try in any way to supervise the direction of the recreation. But it has proved wise for employers to give the workers the opportunities for sane, constructive recreation, when these facilities would otherwise

¹ Extended investigations of this subject in the cotton and wool manufacturing industries have been made by the National Industrial Conference Board, and the results published in Research Reports, 4, 7, and 12. See also the reports of the British Health of Munition Workers' Committee.

WORKING CONDITIONS

be lacking. Whether or not employees take advantage of the opportunities rests with them. And the advantage that they do take of these opportunities, and the effect they have upon the attitude of the workers toward the management, depend in large measure upon the employer.

Here, as always, there is the danger of seeming paternalistic or patronizing. Recreational opportunities offered in that spirit are bound to have a bad effect. But there is, in the nature of things, no reason why the employer should offer them in that spirit. He is not doing something "for the workers." He may delude himself into believing that he is. But he cannot fool the workers. They know that he is doing something for himself, seeking to develop better-minded or better-bodied workers. Only as he accepts this fact frankly and conveys it to the workers is he likely to profit in the long run by any activities of this sort that he may sponsor.

X. *Beautification of Surroundings.* What the worker sees about him at his work may affect the quality and quantity of his work. Man seems naturally to react favorably to beauty. Flowers at the windows, ivy on the walls, architecture that is handsome while it is appropriate, interior layouts that are pleas-

COMMON SENSE IN LABOR MANAGEMENT

ing without being inefficient—these and other things may tend to create in the minds of many workers a psychological state that is conducive to good work. There can perhaps be no definitely scientific appraisal of the results of this kind of activity, yet many employers who have given it careful study and trial believe profoundly in its efficacy. It is perhaps particularly worthy of application in the case of women and workers of nationalities whose temperament and training make them naturally most responsive to beautiful surroundings.

Perhaps the wisest plan is that which proposes to the workers the opportunity to have or reject certain improvements of this sort. When the thought is released in the organization seriously and in the right way it often proves a valuable bond for closer sympathy and understanding between the management and the workers.

So much for these ten main classes of subjects grouped under the general head of working conditions. I have tried to indicate that these are not mere niceties of management planned without much relation to the profit-making activities of the industry. Unless they do have a relation to these activities, immediate or indirect, they can hardly justify

WORKING CONDITIONS

themselves in any event. Their purpose is to provide surroundings in which men and women may work comfortably and efficiently and with good-will toward the management.

IV

LIVING CONDITIONS AND INDUSTRIAL UNREST

A worker who was made over—The evil influence of bad housing—Is improvement a task for the employer?—The individual renter or buyer in the position of an inferior bargainer—Experience at Bridgeport, Connecticut—The dangers of paternalism—The Firestone Tire and Rubber Company's plan—Homes for workers at Lagrange, Georgia, and Kohler, Wisconsin—When should the worker buy a home?—An association of employers; the Bridgeport plan—The Norton Company's plan—Planning groups of houses—Conclusion as to the importance of good housing—Should the employer interest himself in the worker's out-of-doors habits?—When the employee welcomes counsel or assistance—The risk of meddling—Success depends on sincerity.

TO what extent is it desirable and "good business" for the employer to concern himself about the manner of life of his workers?

Consider the case of Harvey Thompson. The man's name is not Thompson, but it will serve to identify him. Thompson is a tire-builder in one of the rubber factories of Akron, Ohio. He earns from six to eight dollars a day and supports a wife and family. It used to be that Thompson never worked

LIVING CONDITIONS

more than four days out of the seven. That was when he lived in a hit-or-miss fashion, moving frequently, staying for a while in a lodging-house and another while in a stuffy little flat or dingy house. In those days Thompson had no pride in his home. He could earn enough by working four days a week to pay his rent and keep himself and his family supplied with the things they needed most. Beyond that he did not care. Housing conditions were not good. It was war-time and the supply of houses was inadequate for the number of workers.

Thompson accepted the situation. His employer, however, did not accept it.

Possessed of larger means and a larger industrial imagination than Thompson, he bought a tract of land not too far from the plant—and not so close as to be in the shadow of the factory chimneys—and contracted for the erection of a number of houses. He was careful that not all were designed alike outside or in, nor were they all of the same materials. Some were brick, others were frame, and still others were stucco. In fact, when the first row of houses was well under way they had the general appearance, in size and variety, of the middle-class houses that you can find on almost any typical street in any

COMMON SENSE IN LABOR MANAGEMENT

typical Middle-Western city, the types of houses that moderately well-to-do men and their wives are likely to select as genuine homes for themselves and their families.

At about this time Thompson, along with other workers at the plant, was told how he could become the owner of one of the homes. It was explained that each house was to be disposed of at a price covering what it had actually cost, and on terms which were practically the same as rent. In other words, Thompson, who had been paying about thirty dollars a month for rent and getting nothing in return but a none-too-attractive roof over his head for the time being, could, by paying the same amount monthly as before, or a little more if he wished, put himself in the way of owning a far more attractive home.

At first Thompson was skeptical. But some of the fellows whom he knew pretty well decided to buy. He was in the habit of moving frequently, anyhow; so he joined them and selected his place in the new allotment.

Gradually and subtly a change took place in Thompson. He began to feel that he had slightly greater responsibilities than before. He had more reason than previously to be proud of his home, his family, and himself. Paying for the home—each monthly instal-

LIVING CONDITIONS

ment visibly reducing the amount between him and the final achievement—gave him a larger purpose in life than he had ever had. Little things of this sort, multiplied, make character. Thompson's backbone was stiffened. And the tangible result, so far as the management of that plant was concerned, was that Thompson began to work six days in the week instead of four; and he has kept it up.

Thompson is not a hypothetical individual. He is a man whose daily attendance record under his real name is on a card in the employment office of the Firestone Tire and Rubber Company, where he works. Firestone Park, where he is rapidly finishing payments on his home, has been the visible means of making him a more valuable man to himself and his employer. He does not feel any particular sense of gratitude to his employer, and his employer does not expect him to. What he has accomplished has been the result of his own effort. As a matter of sound business, he was given a chance to make a better man of himself, and he availed himself of the chance.

It would be absurd to generalize from the experience of Thompson. He is but one man, placed under one set of circumstances. Intelligent employers are interested in the oc-

COMMON SENSE IN LABOR MANAGEMENT

casional Thompson. A general observation may, however, be drawn, and this is backed up by daily experience in hundreds of concerns; men who, like Thompson before he bought his house, have uncongenial, slummy, or uncertain places of abode do not make the best or the steadiest workers. A happy home life conduces to stability and, other things being equal, to efficiency.

To the extent, therefore, that a man's output may be interfered with by improper living conditions, experience has proved it wise for the management to give at least some consideration to how the workers live. How far is it possible and desirable to go in helping them to live better?

The war lent special emphasis to the housing problem in many communities. A plant in a small New England city, for instance, was manufacturing munitions on a modest scale with eight hundred employees. War contracts jumped the number of workers to fifteen thousand, and at once the problem of housing became acute. The problem repeated itself in scores of cities. Experience in meeting the problem has taught some lessons of permanent value.

Of primary importance is the consideration that the worker who buys or rents entirely

LIVING CONDITIONS

on his own judgment is usually in the position of an inferior bargainer as compared with the landlord or seller. He does not, typically, know intrinsic or neighborhood values. He may be victimized by unscrupulous dealers. If he buys, he may get a house that is far larger than his needs, and to meet the financial burden he and his wife may resort to taking lodgers, resulting probably in bad social or moral conditions. In short, the worker learns too often that in attempting to satisfy a fundamental desire, the wish to own his home, he merely incurs unwise burdens or perhaps suffers actual financial loss.

In Bridgeport, Connecticut, for example, speculators at the time of the most acute housing shortage preyed on renters systematically. A group of two or three operated together in this fashion: the first went into a given street and bought a house. He, as the new owner and on the plea of a high purchase price, raised the rent. The tenant usually had no recourse but to accept the higher rent, because of the shortage of houses. A short time later the buyer of the house sold out—at a profit—to the second man operating with him; and the latter again raised the rent! This process was repeated until the employers, out of their larger re-

COMMON SENSE IN LABOR MANAGEMENT

sources, combined to give workers the means of having decent homes at a reasonable price.

If the employee undertakes to build, he may also be victimized by his own imperfect judgment or taste. Mr. Dooley gives a hint of what, in slightly less exaggerated form, often happens. He is telling of his friend Hogan's residence and says, "'twas called a villa to distinguish it fr'm a house. If 'twas a little bigger 'tw'u'd be big enough f'r th' hens, an' if 'twas a little smaller 'tw'u'd be small enough f'r a dog. It looked as if 'twas made with a scroll-saw, but Hogan manny-factered it himself out iv a design in th' pa-per. 'How to make a counthry home on wan thousan' dollars. Puzzle: find th' money.'"

Hogan, if he decided to sell, probably had a hard time to get his money back on his investment!

One danger, of course, when an employer undertakes directly to provide housing facilities for his employees, may lie in the direction of paternalism. Men, by and large, do not want things done for them. One early housing venture, the village of Pullman, now a part of Chicago, was planned on supposedly ideal lines. A part of the plan was to regulate in many directions the lives of the workers who lived there. They were not allowed to pur-

LIVING CONDITIONS

chase the houses, although nearly all of the material advantages that go to make homes decent and desirable were provided in profusion. But it seemed to be in the mind of the employer to make his people happy. That has been a dream of Utopian planners for centuries. And it seems fairly certain that there has been accumulated by now a sufficient fund of experience to prove that it cannot be done. About all the cheeriest philanthropist can hope to achieve is to provide his fellow-man with some of the opportunities of happiness. It depends entirely on the individual whether he will take advantage of them.

When other conditions became unbearable the workers who lived in the charming village of Pullman went on a strike that exhibited all the signs of fierce industrial warfare.

There is a wonderfully delicate line between paternalism and sound business, and perhaps nowhere else is management in such danger of overstepping the line as when it ventures to look into the lives of workers outside of business hours. Idle, gossipy curiosity is as keenly resented by the worker in overalls as by any gentleman of fine feather and silver buckle.

At Firestone Park the houses have been built on a business basis, being sold at a price

COMMON SENSE IN LABOR MANAGEMENT

covering all costs, including the contractor's profit, but without profit to the company. There is no restriction on the sale of the houses. Any one is privileged to buy, whether or not a member of the Firestone organization. Sales on easy terms like rent, however, are made only to employees. Building restrictions compatible with a high-class neighborhood have been fixed. A buyer may dispose of his property at any time, and he may continue to live in it if he decides to leave the company.

Since the houses are contracted for in considerable numbers, they can be built and sold at a relatively low price. Several buyers have already disposed of their homes at a handsome profit, and the news of this has had the effect of convincing many workers, previously skeptical, of the desirability of the investment.

The Firestone Company financed the program at the start. Later, the company placed first mortgages on properties already built and improved. These first mortgages the buyers assume. The balance of the financing the company assumes, securing the unpaid balance due from each purchaser by means of a second mortgage. The purchaser pays the interest on both mortgages. The arrangement has saved many home-buyers from the

LIVING CONDITIONS

extortionate profits they might otherwise have been compelled to pay to unscrupulous speculators who would have taken advantage of their lack of ready money or their lack of information on real-estate values.

The interests of the company in the undertaking have not been concealed. It frankly expects its profit in the shape of better-contented, more loyal and stable employees. The advantages have become evident to employees, and the houses are eagerly sought. When a contract for twenty-five additional houses was let recently ten were sold on the day that they were put into the hands of salesmen, sold on paper, on the representation that the houses would be of such and such a sort, resembling others already constructed, and located on specified lots.

Of course the investment by the company in a plan of this sort is bound to be fairly large, even though it is constantly returning. Some employers, while they desire to see their employees better housed, do not feel it is possible to make the required investment alone. The danger of seeming paternalistic, too, has led many to attack the problem in a different way—namely, through association with other employers in a common home-building project. Of course the choice of this

COMMON SENSE IN LABOR MANAGEMENT

plan or another depends altogether on local conditions. For instance, at Lagrange, Georgia, the Callaway Mills are the only plants requiring many workers. Mr. Callaway has therefore dotted the hills with neat little cottages, all constructed by his companies.

Incidentally, he does not sell these houses, but rents them at a price so low—one dollar a month for each room in the house—that on a purely financial basis the worker can hardly afford to own his home. This policy is a common one in Southern mill towns.

In Kohler, Wisconsin, similarly, the Kohler Company is the only plant requiring a large number of workers, and the company, established several miles from Sheboygan, the nearest sizable town, has been forced to undertake the large-scale housing activities on its own account. An interesting phase of the development in Kohler is the American Club, a building provided for unmarried men and equipped with splendid facilities for recreation, amusement, and intellectual improvement.

It is doubtful whether it is wise to encourage employees to own their homes too early. There is a danger that the man has not fully found himself. Until he is reasonably certain that the city in which he is locating offers him opportunities for full development in his chosen

LIVING CONDITIONS

line, he is perhaps chaining himself down and cutting himself off from opportunities if he buys a house. And if that happens, the employer will probably get in him a less efficient worker than he otherwise might. Prof. William Jewett Tucker says in this connection:

Mobility is, in the earlier stages of the development of the wage-earner, the source of his strength. He can easily change to his interest. No advantage can be taken of his fixity. He can put himself, without loss, into the open market. He can avail himself at once of the highest market price, provided his change of place does not affect injuriously his fellow-workers in the union, an exception of growing concern.¹

At Bridgeport the housing program has been planned with a view to providing genuine home facilities for workers in this transition period before they are able to buy a home, and before they need a home of the size that is probably desirable for purchase. Mr. W. H. Ham, who has directed this program, holds that the five- or six-room house is the smallest that is normally necessary or desirable for a worker to own in fee simple. A smaller house is not so readily marketable, ordinarily. And even a six-room house is often too large, he argues, for a man and his wife when they are first married. They "rattle around in it"

¹ *Public Mindedness*, the Rumford Press, chap. xii, p. 171.

COMMON SENSE IN LABOR MANAGEMENT

if they live alone; and the tendency is for them to take lodgers, who may bring the undesirable social or moral element into their lives.

Hence Mr. Ham has built many smaller units—of three and four rooms, with some of five and six rooms for larger families. Owing to high land values, the smaller units are in apartment-houses, so designed that it is possible to get as many as thirty-one families to the acre, without any of the slummy aspects characteristic of many communities in which the population is dense.

The houses have been built in an English cottage, or colonial, style of architecture, carefully planned in all details of arrangement both inside and out. The purpose has been to provide everything material that goes to make a real home. Flowers and vines, shrubbery, trees, playgrounds for the children, sunken garbage receptacles, garden-plots, sunshine for every room at some time during the day, these and many other features have made the homes charming and desirable, and they are yielding a small profit to the corporation. There has never been a vacancy in any house or apartment, and the demand for houses under construction far exceeds the supply.

In Bridgeport this work was originally undertaken by a group of fifteen manufact-

LIVING CONDITIONS

urers associated for the purpose of providing proper homes for workers. Later there were forty manufacturers in the group. Still later the United States Housing Corporation undertook the direction of the work as a war measure. Mr. Ham says:

"We find in our closely developed sections of Bridgeport—and it is true of many of the small cities—a large amount of wood construction in areas densely populated and in what is known as the three-decker type. The cost of land affects the density of population. If three families are housed on a lot fifty by one hundred feet, there will be little light on the side of the house except in the top story, and little advantage from the back yard. We have developed a new type of three-story home with a density double that of the old three-decker and have so arranged the grouping that there is double the light and air space. This is done by using the two-room deep arrangement and by facing the building units on courts and playgrounds."

And he says further, speaking of results:

"The feeling prevalent in Bridgeport is that a new order of things has begun. This will go much farther than the housing of the middle working-class, for the lower-paid worker will of necessity be allowed to take the old house

COMMON SENSE IN LABOR MANAGEMENT

abandoned by his higher-paid brother worker when the new houses are occupied. The opportunity will be at hand to revamp and better the unproductive dark tenements for the use of the lower-paid worker. Our rented home units will set a standard of fairness in the matter of relation of landlord and tenant which will reach far. The effort of the housing movement has brought about another startling result which will affect the future of the appearance of the town very largely. One of the biggest savings-banks in Bridgeport has issued among its rules that no loan shall be made upon any new house unless designed by an architect. If this rule becomes general in our savings-banks, we shall certainly have different appearing cities ten years from now."

An idea developing in Bridgeport that is likely to find wide application elsewhere aims to enable employees to have a financial interest in the housing company. The plan is that any employee may buy shares, with the purpose of gradually accumulating enough to make a substantial down-payment on a home. A market is to be maintained for these shares, so that they may be negotiated at any time, in case the worker desires to leave the city, or needs the money, or wishes to buy a home.

The financial arrangements incident to the

LIVING CONDITIONS

purchase of a home on long-time payments often seem complicated to a worker. The Norton Company, which has developed a tract of one hundred and sixteen acres of homes at Indian Hill, near Worcester, gives to each purchaser a schedule showing the required monthly payment and the method of figuring. The following is a sample for a house selling at \$3,851.50, on which the purchaser has made a down-payment of 10 per cent.

SCHEDULE OF PAYMENTS

Your total price is.....	\$3,851.50	
You have made a first payment of 10 per cent.....	385.15	
You are borrowing on mortgage, the balance.....	3,466.35	
The amount due in twelve years, secured by time note, is.....	1,000.00	
The balance secured by demand note is...	2,466.35	
Your monthly payment to co-operative bank will be.....	5.00	
Your monthly interest during first twelve years will be.....	14.45	
Your total monthly payments during first twelve years.....	19.45	
Your monthly interest payment after twelve years will be.....	10.00	
Total loan... \$3,466.35	Demand loan .	\$2,466.35
Five per cent. 173.32	Five per cent..	123.32
One-twelfth.. 14.45	One-twelfth...	10.30

COMMON SENSE IN LABOR MANAGEMENT

In erecting groups of houses they may be planned so badly that the workers will not feel that they are genuine homes, and this may only accentuate conditions instead of alleviating them. As Mr. F. L. Olmstead, manager of the Town Planning Division of the United States Housing Corporation, has put it:

“It is possible to unify and formalize a scheme by making the houses so rigidly related and balanced along the street and across the street that the whole development looks unpleasantly like a charitable or penal institution. It is also possible by too much seeking of variety and picturesque quality in the color and shape and arrangement of the buildings to make the development look like a piece of stage scenery and not like the dwellings of modern American citizens.

“It is a fact, however, that if the whole development is treated as a business proposition, considering all the aspects of site and street plan and utilities and houses, taking into account the fair money value of good appearance in detail and arrangement, and weighing value and cost in each case, the very reasonableness of the result will go far to make it pleasing to look at as well as inexpensive to build and to operate.”

LIVING CONDITIONS

Right housing is extraordinarily important, not only from the point of view of the worker's efficiency on the job, but also because of the ultra-radical ideas that may grow rapidly where conditions are bad. Mr. Bonar Law, commenting on this, has said: "The only danger of anything approaching revolution in Great Britain was if the conditions of life became intolerable, and, whatever the risk from a financial standpoint, the housing problem had to be dealt with."

In bad surroundings men may quickly lose their self-respect. In decent homes they tend to live up to the best that is in them. They become better citizens and better employees. Experience in this country seems to indicate that there is little risk from the financial standpoint where proper precautions are taken to maintain values, though the profit on the transactions may be small and the investment may cover a long period. The results in many cases are not only desirable—in some instances conditions have been such that failure to undertake active improvements might result disastrously.

It is apparent, therefore, that housing is a proper and desirable field for the consideration of management, in those communities where present facilities are inadequate or so

COMMON SENSE IN LABOR MANAGEMENT

bad as to hinder the workers from developing their full efficiency. Of course, housing is only one of many questions having to do with the lives of workers outside of hours. Some employers have gone so far as to hold that they have a direct interest in practically every activity that concerns the worker's health and well-being—his diet, his bank-account, his debts, even his wife's temper.

It is not to be denied that these and much else may have a direct effect upon a worker's efficiency. But management cannot tread upon more delicate ground than to interfere in these matters in a soulless way. More than one excellent worker has flared up and quit his job when he felt that somebody from the management was "butting into" his private business. On the other hand, there are times when a man or woman coming directly from the management, and possessed in high degree of tact and common sense, can be of utmost help to a worker who cannot see over the top of his private problems. Workers do not resent such help, so long as it is offered in a spirit of human fellowship, not in a condescending, superior, or machine-like way. Here is an instance from the experience of Harry N. Clarke:¹

¹ "Is This the Best Management Policy?" *System*, April, 1919, p. 605.

LIVING CONDITIONS

For several years I was, among other jobs, employment manager for a large machine-tool manufacturing company. It was my policy to know the men individually as well as I could. If anything seemed to be troubling one of them, I made it my business to find out what.

I remember one shopman, who had done good work, but who suddenly began to drag and make all sorts of mistakes. I called him into my office.

"Jim," I asked, "is anybody sick at your house?"

"Why, no, Clarke! What made you ask?"

"I noticed you weren't doing as good work as usual, and I thought you might be worrying about some of the folks."

"No. They're all very well."

"Well, is anything else bothering you?"

I found out that he had got into debt. He needed more pay, he thought, but he could see that the work he was doing wasn't likely to get it for him. So things looked dark. That night I went out to his house, and together with his wife we worked out a schedule of weekly expenditures and savings which would get him out of debt. I showed him, incidentally, a simple way of keeping accounts.

He was instantly in command of the situation again. He felt better, his work improved, and he was soon earning more. He is now a foreman.

Business men create reserves for business emergencies. Workers have private emergencies, and sometimes there is little chance or inclination among them to have reserves ready on which they can draw. It is not diffi-

COMMON SENSE IN LABOR MANAGEMENT

cult for the management to let it be known that workers can draw on the company for reasonable occasions. And it is plainly better business to have a worker whose mind is at rest on these matters than one who is torn with worry because of financial obligations which he does not know how to meet. If he resorts to the usual loan agencies, he is pretty sure to get in deeper than ever. David Brown, president of the General Ice Delivery Company, of Detroit, makes it his personal business to see that the minds of his workers are not upset by financial worries at the time of a birth, a wedding, a funeral, or other emergency. He loans money if a man needs it, with the understanding that it may be paid back when convenient. Never has one dollar of this money, loaned utterly without security, failed to come back.

From all this it might appear that there is no activity in a worker's private life in which the management does not have an interest. And in so far as that activity may affect the worker's productivity on the job, this is completely true. No line can be drawn between a worker's private life and his business life and a sign erected, "Management, stop here!" But the twin qualities of tact and delicacy, and the ability to sympathize with and help

LIVING CONDITIONS

a fellow-human being without condescension, are as rare as precious jewels. The employer who is not self-equipped with these qualities, who is unable to employ others who are equipped with them, or who cannot direct workers so equipped except with the taint of paternalism and meddling, had far better draw a strict line and put up his sign, "Keep off!"

I have known of a manager who made a fetish of his card records dealing with employees. He had all imaginable kinds of little facts jotted down on them, the names of the children, for instance, the wife's buying habits, economical or extravagant, the man's out-of-hours hobbies—in short, as nearly a complete history of the worker's private life as it was possible to make up by means of an elaborate routine of questions, interviews, checks, and counter-checks.

There is no need to quarrel with such a plan, or with any other, so long as it gets results. It was the method this manager liked, and he appeared to get good results with it. Some managers prefer the formal way of working; others cut through to the heart of the matter in other ways. The essential point is not to forget the spirit while watching the wheels of the machine go round.

V

THE MONEY INCENTIVE

An unusual wage policy—Money the only incentive offered by many employers; its importance—Peculiarities of the commodity called “labor”—A simple case of wage-bargaining—What both employer and employee want—Obstacles in the way of a fair bargain—Just wages are good business—What is fair pay for “a man who works with his hands”?—The piece-rate basis; abuse of by some employers—The frequent unfairness of day wages—Bonus plans; advantages and disadvantages—Profit-sharing not a substitute for wages, and often undesirable—Stock-sharing—Wages and the cost of living—The plan of the Oneida Community, Ltd.—How an index number of living costs is compiled—An employer’s conclusion as to the value of the plan.

ONE employer professes to have used with great success the plan of letting his employees know that they can earn more with him than anywhere else at similar work. His stenographer started at three dollars a week, for example, but now receives eighty dollars. The same policy is carried out with all workers. This employer has never discharged an employee, and he has lost few by other means. The plan has excellent possibilities, so long

THE MONEY INCENTIVE

as he alone is using it in his immediate vicinity. Let others practise the same policy, however, and soon a procession of employers would be chasing one another around a hypothetical mulberry-bush, each trying to live up to his theory by beating the others! Then nobody would profit, not even the worker.

At any rate, this serves to indicate the importance of the money incentive, which is the only incentive that a majority of employers consciously consider. Wages are the principal aspect of the relations between employers and employees, and it is natural that they should always be so.

If labor were an ideal commodity, like sugar or wheat, the transaction between an employer and each employee would be vastly simplified. Demand, supply, and general business conditions would regulate the price to be paid. The employer could look in his morning paper and find drill-press hands, say, "quoted" at \$4.75. That would settle the matter, until a change in the market was brought about by a shortage in drill-press hands, or an increase in the demand for them; or until some other factor upset the balance responsible for the original market price. Then it would merely be necessary to arrive at a new figure, higher or lower, as the case might

COMMON SENSE IN LABOR MANAGEMENT

be. Such a condition would be predicated on the supposition that the employer could buy so much drill-press service at such and such a price, no matter whether the employee happened to be John, Harry, or Bill.

Labor is not an ideal commodity. It cannot be bought by the peck or gallon. The employer takes a chance when he buys labor that he does not take in buying any other commodity. He may indeed get the grade of skill that he wants for his money. But at the same time he may get a temperament or tongue that sets the other workers in the shop agog, or a body so frail that it cannot bear up under the required work, or a mind that is unwilling to let the hands furnish as much work as the employer thinks he is entitled to receive for the purchase price. In short, he gets a human being, with the infinite variety of feelings, thoughts, good and bad intentions, ambitions, weaknesses, and impulses of which human beings may be possessed. These other things that are thrown in along with the actual work that the man may be able to do make the determination of the purchase price of labor, or wages, exceedingly complex.

In the simplest case the employer merely wants to get certain work done. It must be

THE MONEY INCENTIVE

done by human beings, either men or women. The employer offers a prospective worker nothing else than the chance to do this work and be paid for doing it. Here, then, is the commodity for sale—namely, the effort or labor of the worker; and here also is a customer, in the person of the employer.

The farmer and the local wood-chopper used to be able to strike a pretty fair bargain under conditions resembling these. The wood-chopper knew about how long it took him to cut a cord of wood, and he had a pretty fair idea of what his efforts and time were worth to him. And the farmer knew about the value of a cord of wood; or at least he knew what he was willing to pay in order not to have to chop it himself. They made a bargain on the basis of so much a cord, and probably they settled it in the end by a trade: if the farmer happened to have a watch or a shot-gun that the wood-chopper thought he could use, he took that in lieu of the money. The farmer might think that he had turned a pretty good bargain, and the wood-chopper was satisfied.

With conditions as they are in modern industry, the bargain is not so easily made, yet the end desired is the same—a purchase price that both parties think fair. Many factors have made the problem complex. For one

COMMON SENSE IN LABOR MANAGEMENT

thing, the employer is not usually so close to the work as the farmer. He cannot of his own knowledge appraise so well what it is worth. He does not know how long it will take a good man to do it; and he also does not know the worker with whom he is bargaining, nor whether he is likely to be a good producer or a poor one.

The worker, on the other hand, unless he happens to be a member of a union or a trade commanding fairly standard wages, does not know what rates many other fellows receive for similar work, or what many other employers pay. His information is limited. His private needs may be such that he is willing to accept a lower figure for his commodity than he or most other workers would normally accept. He may find, after the bargain is struck, too, that he cannot do the work very well.

In short, with these and a score of other factors that enter into the problem, the wage finally fixed is usually determined pretty much by rule of thumb or the squeeze bargain, and neither the employer nor the employee is quite sure that he is getting a good deal. If he is dealing with unorganized workers, the employer tends to have an advantage in making the bargain. If he chooses to use that advantage, the worker may not get a fair

THE MONEY INCENTIVE

deal. Highly organized workers, however, may swing the balance of power so far in the other direction that the employer gets the small end of a bad bargain; which, if he can, he usually passes along to the public.

The problem is not always so simple as I have stated it. The employer may offer the worker more than the mere chance to do a certain piece of work and get paid for it. He may offer permanent work, a desirable thing in the eyes of many workers. He may offer opportunities for advancement, a chance to share in the profits, the privilege of becoming a part owner in the business, or the prospect of an especially pleasant and desirable place to work. There may, in fact, be any one of a great number of special advantages quite aside from wages. And while none of these things can logically or justly be considered by either the employer or the worker as a substitute for wages, they do often serve to confuse the issue; which is, that wages are the purchase price paid by the employer for a marketable commodity—labor. You sometimes hear a worker say, "I'll be glad to take a smaller wage if there's a good chance to get ahead." But if the employer uses that argument to secure a worker's services at less than the fair wage for the kind of work, he is merely

COMMON SENSE IN LABOR MANAGEMENT

unjust; and there are very few unjust bargains in wages that do not react harmfully on the business in one way or another.

So it appears that the question of wages is not simple. And since the commodity that workers sell—effort, in terms of time—is the very stuff of their lives, it is only natural that they should resent bitterly any unjust bargain by which the employer may take advantage of their helplessness or ignorance. The resentment becomes mutual if the employees get together in an organization and force the employer to accept a bad bargain.

Just wages are good business. But the problem of determining when wages are just will always involve so large a number of factors that it is fundamentally important for the management to have the complete confidence of workers in its intentions to be just, and to take counsel with the workers constantly in order to determine in specific cases what is just.

Picture this case, which is not uncommon: a group of employees in a shop department have been earning an average of five dollars daily. The management employs a time and motion-study man, whose investigations make it possible for each worker to double his output with about the same effort.

Shall the men get double their former wages?

THE MONEY INCENTIVE

Shall they get exactly the same as before? Is the employer to have all the benefit of the new methods? Are customers to have some of it? In short, just where shall the new wage scale be fixed, under the changed conditions of operation?

I cite this comparatively simple case merely to indicate the kind of problems involved in wage determination. Often the issue is not so clearly defined even as here. It shows the great need for a continuously operating medium within the industry that will enable the employer and the employee to meet on common ground—not elaborate machinery that is set going only with a tremendous jarring of axles and creaking of joints, like the union juggernaut (and is stopped with equal difficulty), but a simple process that makes for ease of adjustment and mutual confidence.

How did the farmer and the wood-chopper manage it? Something like this, I fancy:

“What do you say if we make it fifty cents a cord, Jim?” the farmer asked.

“I’ve been getting fifty-five cents this year, Joe, and I reckon that’s about fair.”

“I reckon maybe it is. It’s a bargain!”

And both were satisfied.

Modern industry cannot hope, perhaps, to make it always such a simple and human

COMMON SENSE IN LABOR MANAGEMENT

transaction as this. But the principle involved—namely, talking it over in a frank and friendly way and arriving at a conclusion fair to both—must underlie any scheme of adjustment that is not to be more like warfare or autocracy than peaceful industry. And the plan must in some way take cognizance of that inequality which it was the original aim of the unions to correct—the relatively weak position of the typical employee, which tends to make him, alone, a poor bargainer. He must be assured of justice without regard to his skill as a logician or his accumulation of this world's goods.

It is not charity that urges this course. It is good business. If these elements are not preliminary to the contract, then the way is prepared for those feelings of distrust and discontent that have exploded in the past in strikes and warfare, and have eaten into the prosperity of industry in more insidious ways—as through the willingness of the worker to do less than he might, simply because he has in his heart the feeling of injustice. Bad relations with employees are bad business. The wage bargain is the outstanding, and very often in the last analysis the final, factor in determining whether those relations are to be good or bad.

Merely high wages are not a cure—not with money alone can you buy loyalty or interest

THE MONEY INCENTIVE

in work. But in no other way can an employer lay so sure a foundation for good relations as through paying wages that announce themselves to the workers as being just.

In an earlier chapter I have mentioned the thought of some employers that a man who works with his hands can only be worth about so much. This is fallacious and pernicious. Enough has been said to show that the wage bargain at best is based on many factors, some of them uncertain. The result in any event must be somewhat conjectural, as are even the wages of management. In one small Ohio city you may find workers riding to the factory in expensive automobiles. When they get there they strip to the waist and work in grime and sweat all day. And their pay - envelops indicate a wage rate of eight and ten thousand dollars a year.

Is there anything illogical in this? These men perform extraordinarily delicate operations with costly materials. If their hands or eyes prove unsteady at a critical moment, hundreds of dollars are lost. There are comparatively few executives in any business who have equal responsibility.

It appears, then, that wages are the purchase price of human effort—a commodity that comes in a peculiar and highly delicate

COMMON SENSE IN LABOR MANAGEMENT

package. The ideal plan is to buy so much effort for so much money. Why not, then, strike a bargain on that basis?

The piece-rate basis is in theory, the ideal plan of paying wages. But it is not always practicable in view of the distrust of piece rates common among workers. Some employers deliberately cut the rates when they imagine the bargain is unfair to themselves. A Connecticut employer set hasty piece rates for a certain kind of work. Immediately one worker showed that he could earn nine dollars a day at that rate, and he did it. It was a non-union shop. After the first pay-day he was out of a job.

"Nobody can earn that much in my shop!" the employer said.

In some cases, even when the rates are set fairly at the start, conditions under which the work is performed may change. New machines and processes are invented, and the old rate may become really unfair to the employer. Often, under these circumstances, also, rates are changed arbitrarily without convincing the workers, who, as owners of the commodity purchased by wages, are naturally entitled to consideration in fixing the purchase price. The invariable experience of managers urges the utmost care in setting

THE MONEY INCENTIVE

piece rates, and no cutting of them so long as conditions remain unchanged.

If the exceptional worker can earn twenty dollars a day, where is the harm? The unit cost remains the same.

Day wages, under typical conditions, are least satisfactory of all, because the employer buys a pig in a poke. Jake may do 50 per cent. less work than Bill, and get the same wages; and the employer, if he has no satisfactory measure of the output, may not know that he is being unjust to Bill, or perhaps unfair to himself in his bargain with Jake. Under typical conditions, no two men engaged on identical tasks do the same amount of work.¹ What constitutes "a good day's work" varies with the skill, health, or willingness of the men. Mr. William H. Leffingwell gives an interesting instance of this in office work. He writes:

In one typewriting department the first week's records showed the following speeds attained in an hour:

<i>Name</i>	<i>Sq. In.</i>
Miss L.....	113
" J.....	58
" K.....	105
" G.....	61
" C.....	88
" W.....	41
" D.....	155

¹ Cf. quotation from Mr. Wolf on this point, p. 143.

COMMON SENSE IN LABOR MANAGEMENT

These records were all on the same kind of work. It is evident that the young lady who wrote an average of one hundred and fifty-five square inches per hour was more than three and one-half times as valuable as the one who wrote but forty-one, but she did not get three and one-half times as much salary. Before the examination was made, the head of the department was asked how much work each girl did; he was unable to say. Each of these two girls had been with the company for upward of a year. Obviously an injustice was being done to some one. When I first began to take records of the work done by typists I thought that such records were exceptional, but I am no longer shocked by such cases of evident mismanagement.

Now, assuming that these same records prevailed for one year, and assuming that each of the girls got \$500 a year, what was the relative efficiency of each? Assuming one hundred square inches an hour as the standard efficiency desired and paid for, what did the company make or lose on its typewriting department?

<i>Name</i>	<i>Per Cent. Efficiency</i>	<i>Value Per Year</i>	<i>Company's</i>	
			<i>Gain</i>	<i>Loss</i>
Miss L....	113	\$565	\$ 65	
" J....	58	290		\$210
" K....	105	525	25	
" G....	61	305		195
" C....	88	480		20
" W....	41	205		295
" D....	155	775	275	
			\$365	\$720
				365

Net loss on department.....\$355

THE MONEY INCENTIVE

That is to say, the company gets from the employees \$365 which it is not entitled to; the employees get from the company \$720 that they did not earn.¹

Day wages, therefore, may often make for injustice, unless it is possible to standardize the day's work so effectively that the purchase price always buys a fairly definite amount of effort.

Bonus plans are variations of the piece-rate plan and the day wage. Sometimes they supplement one plan or the other. They are designed to afford a more imperative stimulus to effort than the simple piece rate. One favorite plan is to start paying the bonus after a certain standard of output has been reached by the worker. Managers who favor bonus plans² usually place great dependence on some particular variety that tickles the mathematical cells in their brains, or with which they are able to produce exceptional results.

¹ *Scientific Office Management*, William H. Leffingwell, A. W. Shaw Company, pp. 142-143.

² The following references will guide the reader who wishes to study some of the more important bonus plans in detail. Historically, the Towne plan was one of the earliest. Halsey endeavored to correct some faults that appeared in the Towne plan. These two plans and Taylor's plan are described in Vol. I of *Economic Studies*, published for the American Economic Association by the Macmillan Company; Emerson's plan is described in *Efficiency as a Basis for Operation and Wages*, chap. x, published by the Engineering Magazine Company; Gantt's in the Transactions of the A. S. M. E., Vol. XXIII, p. 341; and Leffingwell's method for office use in *Scientific Office Management*, chap. xxiii, published by the A. W. Shaw Company.

COMMON SENSE IN LABOR MANAGEMENT

A disadvantage of bonuses is that they tend to complicate the wage contract. It may be difficult for the worker to understand just how his wage is figured. It is also easier for errors to creep into the computation. The worker, under any piece-rate or bonus plan, is naturally jealous of getting all that is coming to him, and usually figures up what he is making as he goes along. If his figures fail to correspond with those of the employer, even though the latter may be entirely correct, there is an opportunity for the growth of distrust. That is the last thing that should enter into the relations between the employer and the worker.

Profit-sharing is one form of money incentive that has come and gone and come again, upon waves of uncertain popularity. It has been heralded more than once as a cure-all. Yet some concerns which have gone so far as to offer to divide their profits fifty-fifty with employees have been brought up sharp with bitter strikes threatening to wipe out everybody's share.

Why is this?

Profit-sharing is out of the contract. It is a direct confession that the wages paid may not be entirely just. At the end of the year the accounts are cast up and profits deter-

THE MONEY INCENTIVE

mined. They may be very large. The management perhaps feels a little shamefaced about allotting so much to those who merely own the capital. It is not entirely clear that the management has been the principal means of creating such large profits. It is recognized that the fair fixing of wages is at best extremely difficult. The employer may conclude that the workers deserve to share more largely than through the mere medium of their wages. And he may find it good business to share the profits.

Dangerous, though, are the lean years. No matter with what care the management may specify in advance that the amount of the profits and the share of each worker are bound to vary from year to year, yet any decided reduction at the end of a year of business depression is certain to work a hardship and cause grumbling. The men predicate their standard of living upon the expected return from the year's work. They feel, quite naturally, that they are not responsible for the falling off in profits; yet they have to suffer as a result of it.

Again, the minor employees of a business ordinarily have an imperfect perception of the processes by which profits are earned. They seldom have a fair idea of what they

COMMON SENSE IN LABOR MANAGEMENT

amount to. And the initiation of a profit-sharing plan may bring into their minds the idea of a vast reservoir of wealth, of which the employer is giving them a little by way of kindness or fear.

"He might have been paying us more all these years!" the reaction may be.

There have been and are very successful instances of profit-sharing. The manager who undertakes it, however, should clearly recognize the dangers and as far as possible provide in advance against them. In logic, there is no better reason, assuming that wages are just, for sharing profits with workers than with customers or managers. All are factors in profit-creation; and it would require an extraordinarily keen intelligence to determine with accuracy the contribution of each. The following, from a work based on a thoughtful study of profit-sharing,¹ states a fundamental fact:

If the profit-sharing employer fails to pay a fixed wage at least as great as that paid by his non-profit-sharing competitors, the resentment among his employees caused by this act may more than counteract any desirable results which might have been secured.

The same authors sum up very well when they say:

¹ *Profit-sharing, Its Principles and Practice*, a collaboration by Arthur W. Burritt, Henry S. Dennison, Edwin T. Gay, Ralph E. Heilman, and Henry P. Kendall, Harper & Brothers, p. 9.

THE MONEY INCENTIVE

The complexity of modern industrial organization, the variety of functions and tasks which are intrusted to employees and of the factors which are under their control, the difference in the conditions which surround their work, the diversity of results which it is desired that various groups of employees shall accomplish, render it increasingly clear that there is no one method of compensation which is uniformly applicable. Such systems of remuneration must be worked out as are best adapted to each particular business and to each group of employees within the business. Under some circumstances profit-sharing, wisely applied, will prove the most effective method. . . . But under other conditions other methods may be better applicable.

A money incentive that is employed occasionally is the distribution of shares of stock in the company. Very often the employee is required to pay for these shares out of his earnings, but the price is usually fixed at par or considerably below the market price. In very profitable concerns, the stock of which is held at considerably above par, this may afford the worker a handsome investment. Often there are restrictions, such as a clause compelling the turning back of the stock if the employee leaves, which operate to render the plan less interesting to workers. It is a type of incentive that appeals, as a rule, particularly to employees of considerable intelligence. From the management point of

COMMON SENSE IN LABOR MANAGEMENT

view, it may have the advantage of giving the worker a feeling of proprietorship and stability that is perhaps difficult to establish in other ways.

One question in the determination of wages that has been the subject of considerable thought is the relation of wages to the cost of living. It is recognized that the dollar does not always represent the same purchasing power, as conditions send prices up or down. The attempt has been made in some concerns to readjust wages from week to week, or month to month, on the basis of index numbers designed to represent the fluctuations in living costs. The following, from a booklet issued by the Oneida Community, Ltd., where the plan has been given a thorough trial, shows the method of operation:¹

Our "High Cost of Living" plan was put into effect January 1, 1917. As a basis, we went back to January, 1916, when a general wage advance had placed our employees (as all agreed) in a position of sharing the company's prosperity. A careful estimate applied to the living expenses of a large number of families of differing size and income indicated that the rise of living cost in our community during 1916 was about 16 per cent. We therefore announced:

¹ See Appendix II for an explanation of the wage policy of this organization.

THE MONEY INCENTIVE

1. That during the war, and until a period of settled prices had been reached, basic wages would be left as in January, 1916.

2. That a separate envelop would be given to each employee containing an additional wage which, for January, would be equal to 16 per cent. of the regular wages.

3. That the wages in this special envelop should change each month with the change in the average cost of living.

4. That every twenty-point change in Bradstreet's Index Number of about one hundred commodities would be assumed as indicating a change of 1 per cent. in the average cost of living, the nearest five points being considered equivalent to one-quarter of 1 per cent. in actual practice.

5. That each month the latest Bradstreet number, when published, would be posted on factory bulletin boards, together with the change of wages indicated for the following month by this change of index number. . . .

The economic result of this plan in our own industrial group has been to combine security and contentment for employees with financial safety for the institution. Factory operation during the war has been wonderfully benefited by the spirit of enthusiastic co-operation engendered, and by the absence of those disorganizing and depressing periods of wage discussion and wage crisis so inevitable where no automatic plan of adjustment is provided. Our employees have felt that, however high the price of flour or potatoes might go, their wages would increase to cover the increased cost. . . .

COMMON SENSE IN LABOR MANAGEMENT

We are frequently asked if our employees understand the plan and the relation of the index figures. Unquestionably many do not know the exact significance of the index number. We are sure, however, that all understand—

First—That changes in the index number correspond very closely to changes in living expenses. Two years' personal experience has proved this to them.

Second—That the managers of the company have nothing whatever to do with determining the index figure and, hence, nothing to do with the increase or decrease of wages.

It is to be said in conclusion that this "High Cost of Living" plan is not designed to be permanent. It has served as a bridge to carry a much more ambitious plan of industrial partnership across the difficult period of the war. Whether from it shall arise the basis for a permanent system of automatic wage adjustment belongs to the future.

Several index numbers are compiled and published regularly. The following explains how one of them, Dun's, is arrived at:

On the nearest business day to the first of every month about three hundred wholesale quotations are taken, and these are separately multiplied by a figure determined upon as the estimated per-capita consumption of each of the many commodities embraced by the record. The results are then grouped under seven heads, the total of all representing the actual cost of a given quantity of goods in the wholesale markets at the specified dates. By adopting the per-capita consumption basis in computing the index number,

THE MONEY INCENTIVE

no single commodity has relatively more than its proper weight in the aggregate; wide fluctuations, therefore, in an article little used do not materially affect the total, whereas changes in the great staples have a larger bearing on the general result.¹

The methods used in computing the several index numbers vary considerably, and one common complaint is that they do not always point to the same conclusions about changes in living costs. Probably, when reduced to a common base, they do correspond closely. But it is doubtful whether they should be taken as authoritative guides to all local conditions. Further considerations on the plan are pointed out in the following paragraphs from a letter written to the author by Mr. William Pitt, treasurer of the Irving-Pitt Manufacturing Company:

It seems to me the merit of the suggestion to apply the commodity index number to the pay-roll lies in the fact that the commodity index number is perhaps the best guide we have to the value of money, and it is useful to that extent and no more. The question of what it costs a workman to live is irrelevant.

Wages depend upon productivity and not upon the necessities of the workman. The problem is to determine the value of what we deliver to the workman in payment for his service.

If his wages were paid in Mexican money, the rate

¹ *Dun's Review*, January 1, 1919.

COMMON SENSE IN LABOR MANAGEMENT

of exchange would, of course, be determined and paid to him.

American money has depreciated in value.¹ The commodity index number indicates to what extent. Of course, it is not absolutely a perfect index, but probably the best we have and in my judgment constitutes the best guide to fair wages I have been able to find.

We use the number principally to guide us in the adjustment of wages, but do not make an exact application of it, for the reason that our competitive conditions prevent us doing so.

My attention was first attracted to this plan when, in reviewing our pay-roll, I became alarmed at the increases we had made, and was unable to determine in my mind whether or not the wages were fair.

My first attempt to answer the question was to compare our pay-roll with our sales. I found by doing so the pay-roll had decreased in per cent. of the sales. This encouraged me to make further increases in wages.

My attention was then drawn to the commodity index number and a comparison of the increases in pay-roll with the increases in number clearly indicated wages should be advanced still more. This we did, but they have not yet been advanced to the point indicated by the number, for, as I previously stated, competitive conditions limit the extent to which we can go.

To sum up, wages are of prime importance in management. Normally, other money incentives cannot be wisely used to supplant

¹ Letter dated February 17, 1919.

THE MONEY INCENTIVE

a just, fixed return to the worker, however valuable they may be as affording extra stimulus to effort. And it is sound common sense, and good business, for the management to take counsel with the workers in determining what wages are just.

VI

THE WORKER'S SECURITY IN THE JOB

The right to quit and the right to discharge; results of abuse—Mutual advantages in continuous employment—Modifications of the peremptory discharge—Foremen immediately responsible for high labor turnover—Evils of the "hire-and-fire" system—Providing work for twelve months in the year—How an entire industry overcame the seasonal work evil—The Kohler Company's plan—Relation to wages—The employee's reciprocal duty—Pension plans—Advancing workers to better jobs.

THE right of the worker to quit and of the employer to discharge is fundamental in a free industry; if one or the other finds the contract of employment unsatisfactory, he may terminate it.

Indiscriminate use of this privilege, however, is commonly bad for both the employer and the employee. For the latter, it means that in the end he will suffer through his failure to create a stable place for himself. The frequent search for a new job works a direct hardship on him and any who may be dependent upon him. The employer, on the

THE WORKER'S SECURITY IN THE JOB

other hand, usually finds it expensive to be constantly under the necessity of training new workers. The wear of machines and waste of materials by unskilled hands, not to mention the inferior product that may get to customers, are likely to prove appreciable elements in cost.

Labor turnover, as it is called, has received increasing attention in recent years. It is not uncommon to find a concern hiring ten or even twelve thousand men in the course of a year, in order to maintain an average working force of perhaps three or four thousand.

Both the employer and the employee profit when the latter, provided he is reasonably skilful, has a sense of security and a feeling that his job is permanent. If he is a mere bird of passage, here to-day and there to-morrow, he is not likely to feel any great concern about the interests of the employer with whom he happens at the moment to be associated. Length of service is valuable to the employer not only because the worker becomes more skilful, but also because the permanent worker tends to acquire a sense of the identity of his interests and those of the employer. Wrote the President's Mediation Commission, in its report of the disputes

COMMON SENSE IN LABOR MANAGEMENT

arising between employers and employees in the Arizona copper districts:¹

Any benefits conferred by migratory labor are wholly offset by its costs, both economic and social. A large migratory working force is economically an intolerable waste. Socially it is a disintegrating element in society. It signifies, too often, men without responsibility of home or home-making, men possessed of a feeling of injustice against lack of continuity of employment, serving as inflammable material for beguiling agitators to work upon. This large labor turnover is accepted too much as the plagues of old, something irremediable. There is only the faintest beginning of realization that labor turnover is an evil which can be substantially reduced if not wholly eliminated.

It is of course but logical and just that the added value in the permanent employee should be recognized by the employer in a tangible way.

When the employer starts his business and sees it on a fair way to success he feels that he has created something permanent. If he sticks with the business and manages it well, he is probably "fixed for life." Too often the employee, lacking the initiative to start a business or the opportunity to exercise his initiative, does not feel a similar sense of security and permanence. That means, nine times in ten, that the management has given him no reason to feel it; for the attitude of

¹ Report of President's Mediation Commission to the President of the United States, Government Printing Office (1918), p. 5.

THE WORKER'S SECURITY IN THE JOB

workers in a plant—those, at least, who have been employed long enough to imbibe the plant atmosphere—is pretty surely a reflection of what the management has done or failed to do. Good intentions, weakly acted upon, are scarcely better in management than intentions deliberately bad. It is good business, because it is desirable for both the management and the men, to enable workers to have this feeling of security and permanence in the job and the chance to grow. This leads naturally to—

1. Some modification of the peremptory discharge;

2. The policy of providing work as nearly as possible for the full twelve months of the year;

3. Taking the ends out of blind alleys—that is, providing the worker reasonable channels of growth into other and bigger jobs, if he develops the ability.

Petty wrangling, coupled with the nearly universal belief among foremen that “a man has got to show he’s boss,” is responsible for the loss of many good employees. The instant dismissal of the worker who is at fault in some way, imagined or real, may become a menace to the business, and is often an actual injustice to the worker.

In a previous chapter I mentioned the

COMMON SENSE IN LABOR MANAGEMENT

File an arbitration board, before which a worker can be heard in case of what he feels is an unjust dismissal. His fellow-workers hear both sides of the case impartially, and pass upon the justice of the discharge. The mere fact that machinery of this sort exists tends to react favorably on the workers and department heads. The workers know that so long as they do their work capably and are straightforward in their other relations with the management, they are assured of steady employment. The executives, on the other hand, are not so likely to exercise the power of discharge ruthlessly. The plan, in short, does not deny the employer the power to discharge for proved incompetence and breach of discipline, but it does operate to prevent the peremptory and unfair use of that power.

The immediate responsibility for a rapid rate of labor turnover usually lies with the foreman, or minor boss. If he is the sort of man workers cannot get along with, if he has a temper and "bawls them out" repeatedly, if he feels unduly the importance of his position and exerts his authority in any of the numerous ways known to the martinet and vastly irritating to those under him, men will quit of their own accord, even if he fails to discharge them.

THE WORKER'S SECURITY IN THE JOB

Foremen occupy a strategic position in industry. But the final responsibility for their acts and their attitude toward those under them must be placed higher up, with the general management, for the ideas, convictions, and personality of the management inevitably fall over the whole business like the afternoon shadow of a tall tree.

It is becoming common practice to limit the right of the foreman to discharge in an arbitrary way. Very often he is permitted merely to discharge a man from his department. If the worker is competent and has been guilty of no serious breach of discipline, the employment or personnel division may place him elsewhere. It is natural for the foreman trained in the old school to suppose that his right to "hire and fire" is the symbol of his authority and the most significant factor in his exercise of it.

"If I can't fire a man, how can I make him do what I tell him to!"

But that is the rule of the man who governs by fear, an individual politically known as the autocrat. It is a higher function, a bigger job to win the respect of workers and get them to co-operate to turn out the work properly than to crack a whip over their heads. Intelligent management can make the foremen

COMMON SENSE IN LABOR MANAGEMENT

realize that fact—when once the manager has the idea clearly defined in his own head. The foreman is more and more a teacher, less and less a whip-cracker.

The old arrangement bred evils of many kinds. Not least was the *padrone* system, under which each worker was forced to pay the hire-and-fire foreman so much out of his weekly wage in order to hold his job. Where an unscrupulous foreman had supervision over women, coupled with the right of discharge, he might demand his “share” in other coin.

A second factor that tends to give the worker an adequate sense of security of his job is to provide work as nearly as possible for twelve months in the year. Only the exceptional manager will work on the basis of expecting to be “laid off” during temporary seasons of depression or at dull seasons of the year. Yet the worker farther down the scale, who ordinarily can less well afford the financial loss incident to a lay-off, is often forced to work on that basis. In the typical case he becomes thereby a less stable worker, more open to the insidious suggestions of dissatisfaction and discontent, and more willing to slack on the job when he is at work, with the blind purpose of making his employment last.

For these reasons, and because it permits

THE WORKER'S SECURITY IN THE JOB

more constant use of the investment in plant and equipment, it is sound business to make an especial effort to provide regular work throughout the year. It is doubtful whether any business is necessarily seasonal to the extent that it cannot make adjustments to keep the men and the plant busy the whole year through. True, the effort may result in far-reaching modifications of the business. In fact, it may alter the traditions of an industry. I quote the following from a letter written to me by Mr. Charles R. Frederickson, president of the American Art Works:

In the early days of the advertising-calendar industry in this country a suggestion to start the sale of calendars before October 1st would have been thought ridiculous both by the calendar house and by the buyer. The calendars were not for use before January 1st, and to the buyer three months seemed a very long time in which to look ahead, figure on his needs, and contract for advertising. And looking at it from his point of view, which was the important one, the calendar house could not but feel that he was right.

This situation prevailed from the inception of the industry about thirty years ago, until perhaps fifteen years ago. Of course, in these early days all of the houses carried a great many imported pictures, and mounts, too; frequently almost the entire line was made up of imports, as they were called. And it was the custom also with many houses to carry the same line of subjects of their own manufacture year after

COMMON SENSE IN LABOR MANAGEMENT

year, once in a while adding a new subject or two to put new life into the efforts of salesmen. There were no defined yearly lines. Because of these situations the matter of stock was easily handled, and when orders came in they could quickly be rushed through.

When American energy began to exert itself and show in American-made calendars the problem of preparation developed. Exclusive art-calendar lines were different from the calendars of the period that had passed. They were reproductions of the work of some of the best painters in the country; they had sub-mounts, and triple mounts, ribbon-tied pads, and ribbon hangers. To build one of these lines required a year of preparation, selecting subjects, commissioning artists, designing styles of mounts, ornamentation, etc. It would take some time to manufacture them, therefore. They couldn't just be pulled down from the shelf, printed and shipped. Three months in which to sell and manufacture them was not enough, and about fifteen years ago this selling period began to lengthen. Every year there were disappointments to late buyers, who didn't get their calendars on time—and sometimes they didn't get them at all. The stock was exhausted before their order was reached. It was not long until the combination of circumstances which had formed made it necessary for large calendar houses to get together and establish the opening day of the calendar-selling season as December 26th, immediately after the buyer had distributed the current year's calendars.

It might be thought that this plan is a forced proposition, that the buyers of calendars are being held up by the calendar houses and told they must buy then or not at all. But this is not the truth. Every calendar-buyer has until perhaps November to make his

THE WORKER'S SECURITY IN THE JOB

selection and place his order. But he knows that only a mighty poor business man waits so long. As proof that the plan is satisfactory to buyers, as it is to manufacturers, the records of calendar sales for the country show that one-half is actually booked in the first three months of the year.

There is an army of calendar-buyers to one of national publicity—the calendar-buyer's order is not large. We had a great many people to work on in order to bring about this change in the attitude of buyers. It has been a matter of education, pure and simple. Buyers were told why it was to their advantage to buy early. What we have accomplished in changing our business from a radically seasonable enterprise of a few months to one which stretches into a full year, and keeps our factories at the top notch of efficiency every day of every week in the month, can be accomplished, we believe, by any other industry in which the business is seemingly seasonable.

People can be educated to buy when we want them to buy.

The result at the American Art Works has been that the old rush periods have in the main passed, and a smaller number of workers, relatively, is provided with steady work throughout the year. And with this result go all the others—better workmanship, greater contentment, keener interest in the work.

In some industries—for example, canning—a similar result seems difficult to achieve. Yet more than one canning company has found it

COMMON SENSE IN LABOR MANAGEMENT

possible to use its equipment outside of the season of fresh fruits, in packing or canning dried vegetables. Manufacturers of window-screens have turned to the production of game-tables; in both lines skill in woodworking is required. Ice companies sell coal in the winter. Many similar instances might be cited.¹

The Kohler Company has built exceptionally large warehouses at its Wisconsin plant for storing goods made during the winter season, which is not the season of large sales. When there is a period of depression men are not arbitrarily dropped from the pay-roll, although it is but natural not to engage so many new men. When the warehouses are filled and full operations cannot be maintained, the management reduces the output uniformly so that all share the burden of lessened income proportionately.

The provision of all-year work has a bearing on the rate of wages. A man who works but eight months in the year must earn enough in those months to keep him through his period of idleness. His rate, therefore, must be higher than it otherwise would be, in order that he may lay up a surplus.

¹ An argument commonly advanced in favor of unemployment insurance is that it will tend to force employers to give consideration to plans of this sort.

THE WORKER'S SECURITY IN THE JOB

In return for all-year work the employee, of course, owes a reciprocal duty. It is the job of management to make this clear to him. When a man has found a place in an organization he cannot normally absent himself from his work without in some degree lessening the effectiveness of the organization. He is logically bound to be regular in attendance. Some managers pay bonuses for promptness and regularity; but the bonus alone is not likely to prove generally effective unless there is instilled in the employee the feeling that his particular work is an integral part of the whole, and he is brought to have a genuine sense of responsibility about the importance of being on the job.

No worker can have the necessary feeling of security if it is impossible for him to see a promising line of development ahead, if not into bigger jobs, at least into a state of economic safety. Old-age pensions are commonly designed to give the worker this necessary feeling of security. It should be admitted frankly that some employers have the direct motive of tying their employees to the job by such pensions—a justifiable motive in itself, but one that sometimes operates less effectively than it might, because the employer is often not frank in stating his purposes.

COMMON SENSE IN LABOR MANAGEMENT

A pension plan is not philanthropic in any sense. It is straight business. The employer has no interest in the man past sixty or sixty-five, if he is no longer able to work, except perhaps an occasional and casual feeling of sympathy. But he does have an interest in seeing that the man, before he becomes too old to work, is able to give his best attention to the job; that he does not, in other words, have to devote part of his working-hours to needless worry lest he shall some day be incapacitated and without means of support. Pension plans are of interest to society at large, of course, because a man in his own home is a better citizen and is less expensive to the state than the one who has to be taken over the hill to the poorhouse and provided with a bed and board.

The ambitious worker should have the opportunity to grow into larger jobs. It is astonishing how few employers clearly realize or act on the principle that their organization is but the sum-total of the effective abilities of the people that go to make up the organization. A hard-working employee who is realizing himself through growth in the activities of the organization is making the organization that much stronger. Dead-end jobs lead the worker nowhere, enable him to express only

THE WORKER'S SECURITY IN THE JOB

a part of his abilities, perhaps stifle energy that might be of the utmost value to the business.

It is sound business to make it easy for men to change jobs when they exhibit aptitudes that will probably render their services more valuable elsewhere in the organization. In another chapter I have mentioned the "bull-pen" in the Callaway mills in Georgia, by means of which the worker can get a justified transfer to another department, or even to another mill. A provision of this sort, coupled with the opportunity for men to train themselves for the tasks for which they prove themselves to be naturally fitted, tends to energize the entire organization.

An employer who does not make some adequate provision in all of these directions for this feeling of security on the part of each worker really buys the effective service of only part of each man. He does buy, besides the worker's effort, a bundle of worries about finances, the next job, and the uncertainties of the dim future. He does not get a man with a mind measurably at rest, a man ready to turn his whole interest and effort to the job in hand. Yet only such a worker can be truly and permanently efficient.

VII

CAN WORKERS BE CRAFTSMEN INSTEAD OF MACHINES?

The creative impulse and joy in work—The employee who is a misfit in his job—Can workers share in planning as well as performing?—Giving responsibility—Training ice-wagon drivers—A criticism of Scientific Management—Is monotony inevitable?—The A. C. Gilbert Company's plan—Theory and practice of Mr. Robert B. Wolf—Laziness not a natural trait—The incentive of promotion—Creating interest in work one of the most important problems of industry.

J. M. W. TURNER, the painter, is said to have asked that his body, after death, be wrapped for burial in his magnificent canvas, "Dido Building Carthage." Into the dust and silence of the tomb he longed to take the memory of the deep joy that he had found in the creation of beauty. It was in Turner a rare and magic development of a kind of joy that may come in some degree to all—the joy of self-expression through creative activity. With some it takes visible shape through the materials of the artist, the poet, or the musician; with others through

CRAFTSMEN AND MACHINERY

the achievement of political, military, or social purposes; and with still others through the tangible or intangible materials of industry and commerce, the creation of organizations, the invention of machines and products, the overcoming of obstacles.

The fact comes home to management with its true significance when it is realized that circumstances place large numbers of individuals in industry in positions where their creative impulses are not allowed natural means of expression, but are actually repressed. The balked energies that would normally expend themselves in creative activity are directed into other and often harmful channels.

Every man has more inclination or ability to do one thing than any other. In the common talk of the street and shop, we say that he has "a natural bent" for that thing. It is this which industry often thwarts. The ability may not be very great. But lack of an opportunity to develop it may make him permanently dissatisfied. I have heard of a young man who was apparently lost in the grind of a hopelessly minor office job. He seemed utterly to lack ambition. Yet even he, as it turned out, had his "bent." A friend, almost in despair, asked him:

COMMON SENSE IN LABOR MANAGEMENT

"Isn't there some one thing—anything—that you would like to do better than anybody else?"

"Yes," he replied, "I believe I'd like to be the best player of rag-time music in Chicago!"

Well, he did it. And later he went on to bigger ambitions. The incident illustrates that these impulses to expression, of whatever kind, if developed, bring out the best in a man. The realization of these impulses, or the effort in striving to realize them, is often more closely akin to happiness than anything else in human life. "Where is it, then?" asks Marcus Aurelius, referring to happiness, and confessing that he has found it "not in syllogisms, nor in wealth, nor in reputation, nor in enjoyment"; and the answer he gives to his own question is, "In doing what man's nature requires." Aristotle, similarly, says that "the free exercise of any power, whatever it may be, is happiness." Goethe, in *Wilhelm Meister*, corroborates this: "The man who is born with a talent which he is meant to use finds his greatest happiness in using it." Likewise Montessori:

The man who loses sight of the really big aim of his work is like a child who has been placed in a class below his real standing: like a slave, he is cheated of something which is his right. His dignity as a man is re-

CRAFTSMEN AND MACHINERY

duced to the limits of the dignity of a machine which must be oiled if it is to be kept going, because it does not have within itself the impulse of life. . . . Every one has a special tendency, a special vocation, modest, perhaps, but certainly useful. The system of prizes may turn an individual aside from his vocation, may make him choose a false road, for him a vain one, and, forced to follow it, the natural activity of a human being may be warped, lessened, even annihilated.¹

Schopenhauer follows out the same thought with this illustration: "Imagine a man endowed with Herculean strength who is compelled by circumstances to follow a sedentary occupation, some minute, exquisite work of the hands, for example, or to engage in study and mental labor demanding quite other powers, and just those which he has not got, compelled, that is, to leave unused the powers in which he is pre-eminently strong; a man placed like this will never feel happy all his life through. Even more miserable will be the lot of the man with intellectual powers of a very high order, who has to leave them undeveloped and unemployed, in the pursuit of a calling which does not require them, some bodily labor, perhaps, for which his strength is insufficient." Finally, to be done with quotations, Professor Parker has said:

¹ Reprinted by permission from *The Montessori Method*, by Maria Montessori. Copyright, 1912, by Frederick A. Stokes Company.

COMMON SENSE IN LABOR MANAGEMENT

To be mentally active, to do something, is instinctively satisfying. Much of invention springs costless from a mind thinking for the sheer joy of it. Organization, plans in industry, schemes for market extension, visions of ways to power, all agitate neurones in the brain ready and anxious to give issue in thought.¹

This, then, is the human fact. What can management do about it? What is the desirable and profitable business policy?

Since an organization is merely the combined and directed abilities of many individuals, it follows that, the greater the contribution of each individual, the greater—other things being equal—is the organization. Reduced to every-day terms, this means that it is good business to encourage the development of natural aptitude in workers, to place them where they shall have the fullest opportunity to exercise those aptitudes, and to train them to do the most satisfying work of which they are capable.

Taking workers out of the wrong jobs and putting them at congenial work often shows immediate results. Consider the representative case of a department-store clerk—call her Mary. When Mary was hired a girl was needed in the lace section. She went there. She displayed a fair amount of efficiency,

¹ "Motives in Economic Life," Carleton H. Parker, *The American Economic Review*, March, 1918.

CRAFTSMEN AND MACHINERY

enough to "get her by" the eye of the manager, and in the lace section she remained.

Now Mary had no particular fancy for laces. She was naturally a domestic soul. Because she had to spend her time selling laces, she developed after a while a knack for gossip and "knocking." She was not a very good lace clerk at best, and she became a bad influence among the other workers. Presently a representative of the management whose job in this concern is to know the workers, and to help them in many unusual ways, considered the case of Mary. It was suggested after several talks that she take a position in the kitchenware section. She did so. There she quickly found her domestic interest or imagination aroused by the pots and pans among which she worked. She became a more efficient clerk than she had ever been in the lace section, and she gradually forgot her habit of "knocking." She had something more interesting to do.

It is very unwise to generalize from individual cases like this. I do not intend to try it. The fact remains that Mary became a better worker in her new environment. Similar cases might be cited from the experience of many managers. And it seems self-evident that the worker placed at congenial tasks

COMMON SENSE IN LABOR MANAGEMENT

has taken a first step toward happiness in the job and a pleasant relation with the management. It helps to stimulate in him the desire to do the job well, in and of itself, because it is a job that he enjoys; he is not inclined to adopt the attitude, "I guess that ought to get by," an attitude that results from lack of interest.

There is no such lack of interest in the first instinctive acts through which children seek expression for this creative impulse, this desire to do things. The little girl with a pan of milk and an empty cup, almost too awkward still to manage the pan, insists, "Want to pour 'self!" She desires the satisfaction of doing the thing with her own hands. The mere accomplished fact—having the milk in the cup—affords her little pleasure, unless she happens to be astonishingly hungry; but the feat of pouring the milk, a sturdy achievement for her little hands, is a joy for her.

This early instinctive impulse, in itself one of the most valuable heritages of mankind, may tend to disappear or work itself out in destructive channels, if it is repressed or discouraged. Assume that the child's mother respects her table-linen more than the development in her child of the habit of initiative and self-help. She takes the pan away

CRAFTSMEN AND MACHINERY

from the child and pours the milk, thereby doing a little toward hampering the development, through exercise, of the native desire in the child to do things for itself; incidentally, she probably stores up trouble, for later she may be forced to scold the child petulantly, "Why don't you learn to do things for yourself!" and she will not place the blame where it really belongs, upon herself! Doing things for itself is the child's first step in education. The man who keeps on doing new things for himself through life is never done with his education.

In industry, the manager who takes all the responsibility, who feels that his shoulders "are broad enough," who goes so far as to plan and schedule the work entirely himself, and who initiates methods which he insists shall be rigidly followed, patterns his conduct on that of the mother and gets from his workers the same kind of stifled, ineffectual results that she gets from the child.

The worker likes to have some little share in the dream as well as in the performance, and he normally does his best work when he is given the opportunity to have that share. "I'm responsible for that. I'm doing it. Nobody has any say about it but me." This is a form of jealousy, perhaps, but it may be a

COMMON SENSE IN LABOR MANAGEMENT

symptom of excellent management. The man who says it feels a sense of proprietorship in his job. He has something to be proud of. In some shops the machine-tenders have their names on their machines, just as executives often have their names on their office doors. It helps the workers to see in their work something permanently desirable. The world knows that John Czarnik is responsible for turret lathe No. 2!

Employers commonly favor the policy of giving effective responsibility to department heads and executives. A man exerts greater energy, ordinarily, when he knows that on him alone depends a given achievement. There is no sound reason in human nature why the same policy cannot work equally effectively with workers farther down the scale. No man, even the humblest workman, wants to feel that he is merely a cog in a wheel. His place in industry may be very tiny, but he wants to function completely as a whole little wheel. That feeling of individual pride in work, the recognition by a man that what he is doing is essential and important, is good for him and good for the business.

Ice-wagon drivers in the General Ice Delivery Company, of Detroit, are given lecture-courses on their work. They are trained to

CRAFTSMEN AND MACHINERY

realize the function that ice plays in the social economy of a modern city—in the preservation of foods in homes and in transportation and refrigerating services, in hospitals, and in saving the lives of babies and the sick. They are led to realize that their work is more than a disagreeable struggle between muscle and heavy blocks of ice, that it is, in fact, a significant social service. That kind of knowledge tends to give a man a greater interest in his work, energizes him, enables him to see that he is not bartering off what some one has called “the indispensable sense of human dignity”; makes him, in short, a better man for himself and therefore for his employer.

It is not visionary to suppose that even a garbage-collector may be enabled by management to feel a sense of dignity in doing his task, provided the important social function that he performs is explained to him, and his sense of a share of responsibility for the health of people in his district is developed. The outward symbols of dignity often help, too—a uniform or a badge.

A man enjoys doing work that he can do well. Hence the importance of helping men to find ways to perfect themselves in their jobs—training of all sorts. It must be particularly borne in mind, however, as with the

COMMON SENSE IN LABOR MANAGEMENT

little child, that a worker likes to do things for himself; and the same kind of joy that the employer finds in devising new fields for business and testing new plans and policies may be shared in a measure by the worker who helps in the development of new and better methods of handling his job.

Frederick W. Taylor a good many years ago affirmed that the shop worker engaged in a given job cannot have the intelligence to discover the best method of doing it. This may be completely true. The worker may not be able himself to see all or even the obvious possibilities for improvements. Yet if he is set on the track of doing it, and his interest in the matter is pointed out, time and motion study men know that very often he will discover knacks that have escaped even them. It has been urged as one of the most serious indictments of Scientific Management that it makes virtually impossible for the worker a creative share in any improvement that may be effected. I think there is but little truth in this indictment. Yet the fact of its being urged is a sufficient warning to managers of the danger of permitting anything to stand between the worker and the joy that comes with devising, testing, and perfecting a plan of his own: the danger if you leave out of account a

CRAFTSMEN AND MACHINERY

fundamental quality in human nature, and seek to substitute an incentive, powerful enough, but not, as a rule, humanly satisfying. The development of men can never be neglected in the effort toward perfect production.

It is quite true that some workers are so constituted that they enjoy monotonous repetitive operations. Others, more alert physically or mentally, find these operations merely tortuous. It is dangerous and unsatisfactory to put men of either sort at the tasks for which their temperaments unfit them. Some managers, concluding that monotony is inevitable in modern industry, seek merely to make the money advantage to be gained from this kind of work so attractive that workers will feel well compensated for the drudgery. At best this is a temporizing policy.

In the assembling of electric fans, the A. C. Gilbert Company permits men to choose the method they prefer; if they like, they may work on progressive assembly, performing simply one operation in the complete chain; or a man, if he wishes, may assemble the entire fan himself. In this way the creative or craftsmanship impulse is felt to be better satisfied than if the men were given no choice, but were forced, willy-nilly, to work under the monotony of progressive assembly.

COMMON SENSE IN LABOR MANAGEMENT

The employer has the opportunity to develop his creative powers to the full of his ability. In mere justice to himself and to the best interests of his business, he cannot afford not to give the same privilege to his employees, or to encourage them in the exercise of it. Indeed, it is a greater achievement to direct successfully an enterprise in which the workers are free to express their individual talents than one in which their natural impulses in this direction are not allowed free play.

Probably no manager has gone farther with this thought in both theory and practice than Mr. Robert B. Wolf, whose principal work has been in the paper-making industry. His results have been based on the premise that most inefficiency—which is the advance agent of discontent and disturbance—is lack of interest. His endeavor is to create interest in the worker by making him conscious of his relationship to the entire production process, and by supplying him with records and data that enable him to measure his mastery of the natural forces he is using.

At first sight [Wolf writes¹] it may seem impossible to change the monotony of routine work without extremely radical changes in operating conditions, but I know from actual experience that it is possible so to

¹ "Making Men Like Their Jobs," *System*, January and February, 1919.

CRAFTSMEN AND MACHINERY

stage even routine work that it will draw and hold the interest of the worker to an absorbing degree.

In other words, the work ceases to be routine under methods which bring forth intelligent conscious control of the process on the part of the worker, when we make him master of the machine instead of merely furnishing the machine with organs of sense. . . . In many of our industries the worker is no longer a mechanic or craftsman, but performs merely a series of motions in which there can be no pride because in the minds of the men these motions are only remotely related to the finished product.

Wolf points out that *esprit de corps* cannot be developed in an organization by artificial means; it can only come "where the creative power of the individual is freest to express his real inner spirit." And he further points out that the employer who prevents the worker from using his brains in his work, failing to encourage creative work, not only does not gain one single advantage from so doing, but deflects the worker's creative impulse into channels that may become destructive.

Practically all the destructive forces at work in the industrial world to-day, which are manifesting in organized efforts to reduce production, are the results of this autocratic domination of the wills of the workmen by forcing them into an environment where free self-expression is an impossibility.

By destructive forces I mean the sabotage methods exhibited by certain aspects of the I. W. W. and Bol-

COMMON SENSE IN LABOR MANAGEMENT

sheviki movements. We cannot repress the creative process in the individual; we can only deflect it into useless channels, or, what is worse still, into destructive channels.

The progress records which enable the men to know what they are accomplishing are worked out by Wolf in direct co-operation with the workers. They accept them, not with the thought that they are being followed up or "nagged," but recognizing that the more information they have the better can they master their machines and processes. "I believe," says Wolf, "we have failed to recognize the curative properties of knowledge and truth. Just as darkness cannot exist in the presence of light, so ignorance and prejudice cannot exist when met by frankness and co-operation." And it has been his experience that after the men have had some records for a while, they invariably want the records of additional factors that will help them in their knowledge and control of the work. Wolf affirms the general efficacy of this principle of providing the men with the facts:

For those who may feel that such records are applicable only to a continuous process, let me say that in the maintenance and construction department, where we had about three hundred men at work, we

CRAFTSMEN AND MACHINERY

kept every one informed as to his progress by giving cost records on all jobs done, not only labor costs, but complete material costs as well.

These records were furnished daily, and while we did not pay bonuses of any kind, not even to superintendents or department heads, we actually cut the maintenance material costs in two by the greater thought of economy released in the organization. We are installing these job costs and department-cost sheets now in our mills in Canada, for we know that the only way to produce the greatest possible amount of the finest quality of paper at the lowest cost a ton is to give the maximum amount of intelligent information to the largest number of men.

From this it is evident that added compensation is not the incentive which gets the interest of the men. In fact, Wolf explains, "we do not pay a man more money for a good record, but pay the prevailing union scale for all positions in our plants. These are adjusted each spring by joint conferences with our men. In this way we keep a proper wage balance between the different classes of work in proportion to the skill required, and as a consequence avoid all the innumerable difficulties which confront the piece-work system, task and bonus plan, and other direct-payment methods.

It is often argued that it is not right to pay a good man the same rate as a poor man, and to this I abso-

COMMON SENSE IN LABOR MANAGEMENT

lutely agree; but the fact is that when these progress records are furnished to men, all men in a certain operating class finally come to be practically equal in performance and the differences will be only between the amount of skill required in each different class of work. And in these classes there is a difference in compensation.

The net result as far as the worker is concerned is that "the paper-machine becomes an instrument through which he can express the art of paper-making, and the records become organized facts available to all and gradually accumulate to form the basis of a real science of paper-making."

Laziness, the inclination to "soldier" on the job, is not a natural trait in the majority of workers. It is a result that has developed commonly in the course of the vast changes that have taken place in the methods of industry, when management has failed to understand the effect of these changes on workers, and has taken no proper steps to counteract them.

Management deprives itself of an opportunity if it seems in any way to close the door against a man's progress upward in his work, even to the very highest positions. Ambition is perhaps not a common trait. And where it does appear it usually takes care of itself. But it is not only desirable that the

CRAFTSMEN AND MACHINERY

way upward should be left open—it should also be brought clearly into the understanding of the men that it is open, and that the management takes pleasure in having men step out of their present jobs when they can wisely step into higher ones. It is distinctly against the interests of business and society that wage-earners in any great numbers should come to believe, as John Mitchell has suggested that many of them do believe, that they must always remain wage-earners. The cost of training men is high, to be sure. But there is an excellent return on the cost when the job to be filled has been vacated by a man going higher in the organization. The serious loss occurs when a trained man steps out to take a job in another concern.

A manager who employs several executives has devised a plan whereby he adds a certain number of dollars a month, every month, to the salary of each man, provided he undertakes and perfects himself in studies designed to make him a better executive. Workers in the shop are not so rare as skilful executives. For that reason the desirability of providing similar encouragement for them to advance seldom receives proportionate emphasis. Nevertheless, it is true that the electrically energized organization is one in which every

COMMON SENSE IN LABOR MANAGEMENT

man is on the alert to improve himself and is able to see the results of his effort in tangible progress. An organization goes ahead as the men in it go ahead. No sound logic can be adduced to show why the men should be divided into two classes, to whom the management says:

“You, in class 1, are to study and progress; you, in class 2, are better off right where you are. We don’t care to have you know more than you do!”

In training men, in winning their interest in their work, and in placing them properly, results depend in perhaps greater measure than is commonly realized on the spirit and personality of the management. The best plan, poorly sponsored, may fail tragically. It is not uncommon to see a successful business go downhill rapidly after the death or withdrawal of one man with a powerful personality. And when all is said and done, the relations between the management and the men depend in large measure on the character of the executive charged with the responsibility of these relations. Is he one whom the workers distrust? Then the relations will almost surely be bad. Is he one in whose justice the workers have confidence? Then the relations are likely to be good. The plan, however intelligently

CRAFTSMEN AND MACHINERY

devised, cannot be divorced from the man who executes it.

It has been my purpose in this chapter to point out that there are some things in industrial relations, as in all walks of life, which money alone cannot buy. Instance our soldiers; why did they so often value lightly the medals awarded them for valor? It was, I believe, because they perceived the inadequacy of any material thing to equal the spiritual reward that came to them in the exaltation of the deed itself, the satisfaction in the revelation of hidden power, proved courage, the skill to meet an emergency nobly. The deed of valor would not have been done had a medal been the sole prospective reward. There is a direct analogy in industry.

Present industrial methods are on trial. They cannot last if in them inheres anything that will render it permanently impossible for great numbers of workers to feel a sense of satisfaction in the performance of their tasks, aside from the material reward to be gained. Men's spirits cannot be crushed. It is not good for society. It is not good for business. Providing for better business by insuring to workers the chance more fully to express themselves through their work is a great task and a great opportunity of management.

VIII

WHAT MAKES A GOOD SUGGESTION SYSTEM?

The importance of ideas in business progress—Dangers in not getting workers to express themselves—A suggestion system that failed—Three essentials for a successful plan—Convincing workers that the management is open-minded—Directing ideas into constructive channels—How to reject ideas of no value—The Eastman Kodak Company's use of suggestions—Rewarding good suggestions fairly.

IDEAS are the good red blood of business, provided, of course, they are the right kind of ideas; those, for example, which have to do with better machines, methods, or policies. Ideas evolve in the minds of human beings by some process usually difficult to follow; and the concern of management with them lies in the fact that probably the typical employee has about as many ideas, taking one with another, as the typical employer. Many of the ideas of employees are, in the nature of things, bound to relate to the employer and the work. It rests largely with the management whether this potentially tre-

WHAT MAKES A GOOD SUGGESTION SYSTEM?

menhous brain force, which can never be merely neutral in its effects, is directed into constructive or destructive business channels.

The owner of a string of department stores tells me that the best business idea he ever got came from a delivery-boy, aged fourteen. That is one of the peculiarities of ideas. No one can safely prophesy just where they are going to turn up. It is clearly the part of wisdom, therefore, to provide for their cordial consideration when they do put their heads above the surface.

That is merely good business. But there is another side to the matter. Management needs to provide some kind of outlet for the dark ideas and gloomy thoughts that tend to brew and stew in the mind of the man who does not let the sunlight of intelligent intellectual companionship into his soul. Such ideas and thoughts, if they fail to find ultimate expression in hostile acts against the management, are pretty sure to "sour a man" on his work and prevent him from being—in the fine sense of the word, and probably in any sense—an efficient producer.

An interesting story could be woven around the trials of the business suggestion-box. Great numbers of employers, well aware of the facts enumerated, have sought to garner

COMMON SENSE IN LABOR MANAGEMENT

in the harvest of ideas. The history of one of these attempts will serve to indicate the fate of many—I think perhaps a majority.

The campaign for suggestions was started in this concern with the roll of drums, as it were. Each employee received a notice explaining the company's desire to receive ideas, and carefully defining the nature of suggestions to be submitted. Cash prizes of \$5, \$2.50, \$1, and honorable mention, were promised for the winners in the contest, which ran for four weeks. At the end of that period a new contest started. The employees were given special forms on which to write suggestions, and they were told to deposit them in a locked box specially devised for the purpose.

So far, good!

Then the employees began to respond. It turned out that nearly everybody had at least one suggestion which he thought should reach the manager's intelligence, some plan which he supposed might save the company some money, simplify procedure, or increase profits. When the first contest period closed the committee in charge of awards had an abundance of ideas from which to select winners. They made their decisions, and on the appointed day called all the workers together in a large hall, where songs were sung, speeches

WHAT MAKES A GOOD SUGGESTION SYSTEM?

made, and finally, amid considerable interest, the prizes were handed to the winners.

This program was repeated through three or four contest periods. But, as the day approached for each new award of prizes, the committee found that the number of suggestions of any value dwindled so rapidly that they were not worth the bother and time spent in getting them. The "suggestion system" silently passed into oblivion.

Now what was wrong? Who was to blame? Were the employees' minds such arid wastes that no further ideas could be coaxed to grow in them? Or was the management somehow at fault?

In this instance, as in many similar cases, I believe the blame rested wholly with the management. In the first place, the general manager was not seriously concerned about getting ideas from the workers that he could *use*. He was, in the last analysis, fairly confident that he and the executives associated with him were competent to run the business all right. The suggestion system he considered as more or less of a game which might amuse the employees.

As a result of this attitude, no serious effort was made to apply the suggestions, even though some of them gave indications of con-

COMMON SENSE IN LABOR MANAGEMENT

structive thought on the part of employees. Not many workers can be kept continuously interested in the moderately remote chance of winning a rather slender prize, particularly when the purpose of the contest is so obviously farcical.

Many employers can relate an experience closely resembling this. And the opinion of most of them seems to be that the results do not warrant the effort and money spent in getting suggestions. Employers who have given the subject a more careful trial, and have thoroughly studied methods that enable them to use to best advantage the ideas which employees turn in, think differently. From the experience of these successful users of suggestion plans, it seems fairly clear that it is essential, if a suggestion system is to be successful, to demonstrate to employees—

1. The open-mindedness of the management and the serious desire for the ideas of employees.

2. The willingness to consider thoroughly the ideas that are offered, no matter whether they seem good or bad at first glance, and the intention in any case to let the employee know the decision and the reason for it.

3. The desire to reward fairly the man who makes the suggestion, if there is any value in it.

WHAT MAKES A GOOD SUGGESTION SYSTEM?

The best proof that the management wants suggestions is, of course, to use those it gets, when they are worth using. When that is done the news of it spreads rapidly through an organization. It gives the worker a genuine feeling of pride to point to a machine or method and say, "That's my idea!" And if he is rewarded fairly, it is an incentive to others to turn in their suggestions also. These may seem to be little things. But good management, after all, is the sum of many little things rightly handled.

Merely to ask employees for suggestions may have the same effect as asking a small boy to define the moon. He has no definition. So far as he is aware, it is just a moon! A hint as to the kind of suggestions wanted often proves valuable in helping employees to concentrate on the problem where they are most likely to be of help. A New York company which has been unusually successful in developing the habit of suggestions goes to considerable pains to let its employees know what a good suggestion really is. When, for example, a worker suggested an improved part for a machine, which was adopted, the manager had photographs of both the old and new plan made and mounted on cardboard, with a full explanation of the improvement.

COMMON SENSE IN LABOR MANAGEMENT

Accompanying it was a brief text explaining that ideas of this sort were the kind which the management especially wished to encourage.

In other words, the employee was not asked for "suggestions"—a large word, the exact meaning of which he might fail to comprehend; but he was shown an example of a suggestion and told, "Maybe there's something about your work on which you can suggest improvements in somewhat the same way." Unless there is concrete, constructive direction of the worker's thought, some of them are likely to recommend, as one man did, "make the truckers load faster." He happened to be a machine-tender with plenty of opportunity to observe the foibles of truckers! His recommendation was not utterly devoid of value, for it suggested a direction for possible investigation; but it did fall short in all the elements that make a suggestion really valuable to the management.

In any plant where the manager has succeeded in convincing the workers that he welcomes suggestions, and treats them fairly, there is usually no lack of them. And here enters danger—namely, the risk of slighting suggestions, or turning them down without letting the originators know the real reasons for doing so. This is also an opportunity. If

WHAT MAKES A GOOD SUGGESTION SYSTEM?

a man has a suggestion rejected, and he knows why it is rejected, he is in a better position than before to avoid further bad suggestions.

The danger is delicate and common. In business two minds or two groups of minds are constantly meeting, one of which says, "Let's do *this!*" while the other insists, "Let's do *that!*" Given equal force of character, lung power, and logic, the two sides quickly reach an impasse. It is usually true, however, and this is commonly the case as between the management and the men, that one side has a subtle weapon, reserved for finally putting an end to the discussion. That weapon is authority. The boss "has the say." In the last analysis he depends on his judgment for making his decision "yes" or "no"; and always, when he says "no" he runs the risk of seeming arbitrary, thereby arousing resentment in the mind of the employee or destroying some of his initiative.

The best way to say "no," as a rule, is to give all the reasons with complete frankness. During the hottest period of the summer of 1918 a battery of new machines for use on some government work was being installed in an Ohio factory. The manufacturers of the machines had been unable to develop a self-feed attachment. It was imperative to

COMMON SENSE IN LABOR MANAGEMENT

deliver the product to the government. The needed capacity could practically be reached by hand feeding; but this required an operative on each machine, and men were scarce.

One employee, not a mechanic by trade, but a man of unusual ability in that direction, was positive he could develop an automatic feed, and he set himself to the task of doing so, working incessantly through the days and far into the hot nights. Finally, late one evening, the manager was called to the factory by telephone to see a practical demonstration of the device. It functioned, and it functioned well, but the manager could see where there was a chance that it might frequently throw the machines out of working order. The loss of time from this cause, he feared, might result in a smaller weekly production from each machine than through the method of hand-feeding. Delivery dates were imperative. Since they could just about be met by the hand-feeding process, the manager, after thoroughly considering the advantages and disadvantages of the two methods, felt compelled to reject the feeding device.

It was a crushing blow to the man, whose creative genius had developed a novel and workable attachment. Money alone could not overcome his disappointment. The case

WHAT MAKES A GOOD SUGGESTION SYSTEM?

naturally had to be handled with a little more than usual care. Says the manager:

"I did not, however, find it difficult to convince our employee that, in demonstrating his ability along lines which were bound to be useful to us in the future, he had in reality accomplished a great deal for himself, and that the time and energy he had thrown into this thing had not by any means been wasted."

The Eastman Kodak Company uses an analysis sheet by means of which those responsible for looking into the suggestions of workers measure the cost of changes against the savings they may effect. The worker is taken into the confidence of the management, and if an idea cannot be used with practical results, the reasons as shown by the analysis sheet are fully explained to him. Mr. A. Stuber, of this company, writes to me:

The answer to the suggestion which is not approved can, if not worded properly, discourage the suggestor so that no further suggestions will be received from him. Or, if proper advertising thought is given to the answer, he can be stimulated to again offer another suggestion. I believe that this point is one of the main factors in the success or failure of a suggestion system.

There are several other big points in the suggestion system which up to the present time have been overlooked, and which, I believe, are of considerable benefit to the management. One of these which I am experi-

COMMON SENSE IN LABOR MANAGEMENT

menting with and watching very closely is using the suggestion system as a means of improving the so-called human relation in industry.

I find that the average employee when in my office for the purpose of discussing one of his suggestions is in a better frame of mind to tell me his troubles and the troubles which other employees are experiencing than when brought to my office for any other purpose. By tactful questioning I am able to get more information on actual conditions in the shop than at any other time. I am also able to take some of those grievances which he believes very serious and show him that he is wrong.

At this time, if properly handled, the management can establish a real get-together spirit with these employees, and mutual understanding and trust can be developed, which is of considerable benefit to both the employee and the management.

The reward that the worker receives for a good suggestion should justly have some relation to its dollars-and-cents value to the company. A man who turns in an idea does something that can hardly be recompensed in his regular wage. If his idea is for machinery or equipment that will save the company perhaps hundreds or even thousands of dollars—there have been such suggestions!—he can hardly, in the interest of justice, be fairly rewarded by the mere payment of a hard-and-fast sum, such as \$5 or \$10, or even \$25 or \$50.

WHAT MAKES A GOOD SUGGESTION SYSTEM?

His reward may not be directly in money at all. It may be wisest to give him a chance at a bigger job, or the opportunity and facilities to pursue a course of study to fit himself for larger tasks. One employer, rewarding an employee who had made an especially valuable suggestion, handed him a check for a little better than a thousand dollars, to clear the mortgage on his home!

The co-operation that the company is forced to give in perfecting an idea may also be an element in the consideration of the just reward. Often a man will have in his head the germ of an idea which he has neither the skill nor the facilities to perfect. When other heads combine with his to attain the final result he can readily be made to realize that his reward is bound not to be as great as if, with his own resources, he developed the idea to its final shape.

Men are inclined to be jealous of their ideas. This is natural. A brief experience in a few plants usually teaches a worker how easy it may be for one man—a foreman or sub-executive, perhaps, or even those in higher authority—to appropriate his thought and seek to take the full credit. That is why it is important, if a suggestion plan is to succeed, to make provision so that every man's sug-

COMMON SENSE IN LABOR MANAGEMENT

gestion will reach those fully qualified and willing to place full credit where credit is due. Most suggestion-boxes need a padlock with a key in the hands of the man designated as the representative of the management to consider the suggestion.

But no key will unlock the mind of even a general manager if he persists in perverses and arbitrary decisions. Such decisions will quickly ruin the best-laid plans for harvesting the ideas of workers. In one plant a newly employed department head proposed to the general superintendent a plan for a suggestion system. The superintendent at first inclined favorably to the plan. But a day or so later he told the department head he had decided against it, "for reasons which I cannot discuss with you"! Imagine how speedily that man, who could not or would not take the time to give his reasons to a responsible department head, would have spoiled the chances of any suggestion system, had it been tried!

So much for encouraging the workers to submit their constructive ideas. It is safe to say that when the minds of workers are turned in the direction of building up there is not much room left for those ideas which tend to tear down and destroy, ideas that often lie

WHAT MAKES A GOOD SUGGESTION SYSTEM?

hidden, making the workers disgruntled and gloomy of temperament, inefficient of hand, and fertile soil for the seeds of unrest, dissatisfaction, or industrial strife. Such ideas are seldom expressed except in snarls.

IX

THE EMPLOYER AND THE UNION

One way of dealing with unions: at a Georgia factory—Hart, Schaffner & Marx and the preferential shop—A shop that is neither “open” nor “closed”—The old attitude of employers toward unions—The function of the union—Unionism not completely effective—Industrial justice to be assured by co-operation of all concerned.

PICTURE a group of cotton-spinners gathered around a speaker who has mounted a box, the better to be heard. He is a union organizer, trying to convince the group before him that it is their interest to join the union. He has said just enough to enable the men to catch the drift and purpose of his argument, when one of them, a lantern-jawed athlete who spent the first twenty years of his life in the Georgia hills, speaks for the crowd:

“I reckon we don’t care much to be bothered with your kind o’ talk,” he says. “We’ll give you-all just one minute to clean out o’ here.”

THE EMPLOYER AND THE UNION

The cotton-spinner fingers his watch. And the union organizer, whose job has taught him to size up the sentiment of crowds, glances into the faces before him and speedily "gets clean out." This little scene has been reproduced not once, but often, in the factories of a Georgia employer.

The workmen who expressed themselves through one of their fellows in this way literally do not care to be bothered with belonging to unions, and with reason. They have jobs they like and are fitted for. Their work is pleasant. Their surroundings, physical and social, are in the main congenial. If these happen in certain instances not to be congenial, the privilege of changing for the better is open, and facilities are provided so they will not lose their jobs or a single day's pay in making the change. They can look out of the windows of their mills and see neat little cottages scattered over the hills. These are their homes. In most of the back yards are chickens and a garden. Out in the meadow every man has a cow. Over on the hill is a handsome red-brick school-house in which their children are being educated under the best teachers it is possible to secure. Furthermore, if a man does feel that he has a grievance, he has sufficient ability to think

COMMON SENSE IN LABOR MANAGEMENT

for himself and arrive at what he considers a fair solution of his problem—and he knows that there is a straight path for him from his machine to the boss or proper representative with whom to discuss the problem.

The employer in this plant does not believe in unions. He thinks they are bad for both men and management. He believes that the proper relation between employers and employees is mutual interest, not conflict. And he believes that unions are sure symptoms of opposed interests. He has developed his ideas in a practical way. Surrounded by unionized plants, he has not a single union man in his employ.

“Train the man to think for himself,” he says. “Let him speak for himself when he wants something. I think that is more logical than having a group of three hundred or five hundred men present demands through a delegate.”

Radically different is the policy of the concern which, like Hart, Schaffner & Marx, aims to work entirely through the unions. The text of the agreement between this concern and the workers says in part:

It is agreed that the principle of the preferential shop shall prevail, to be applied in the following manner:
Preference shall be applied in hiring and discharge.

THE EMPLOYER AND THE UNION

Whenever the employer needs additional workers he shall first make application to the union, specifying the number and kind of workers needed. The union shall be given a reasonable time to supply the specified help, and if it is unable, or for any reason fails to furnish the required people, the employer shall be at liberty to secure them in the open market as best he can.

In like manner the principle of preference shall be applied in case of discharge. Should it at any time become necessary to reduce the force in conformity with the provisions of this agreement the first ones to be dismissed shall be those who are not members of the union in good and regular standing.

After several years of operation under the agreement with workers, in which this preferential plan is an essential feature, the management of the company voiced the following opinions about results before the Federal Industrial Relations Commission:

Unions should be recognized and favored in the same proportion as they manifest a genuine desire to govern themselves efficiently. All agreements should be so drawn as to release the employer from his obligations whenever the unions fail to observe theirs. Arbitration boards, officials in charge of labor matters, and union leaders should direct their operations and make their decisions with the one purpose always in mind—namely, to make it profitable and easy for all parties to acquiesce in the rule of reason and justice, and dangerous and difficult for them to attempt to get unjust advantage. We did not realize and we believe the

COMMON SENSE IN LABOR MANAGEMENT

majority of employers do not yet realize the extent to which the attitude and conduct of their organized employees reflect their own policies and conduct. Strict adherence to justice, especially if interpreted to the people by a board in whom they have confidence, will gradually educate them and their leaders to see the advantage of this method. It is fortunate for the employer if his own employees have an autonomous organization, influenced as little as possible by outsiders.

In our own business, employing thousands of persons, some of them newly arrived immigrants, some of them in opposition to the wage system, hostile to employers as a class, we have observed astonishing changes in their attitude during three years under the influence of our labor arrangements. They seem to understand that they can rely upon promises made to them by the company; that all disputes will be finally adjusted according to just principles interpreted by wise arbitrators.¹

In neither of these concerns, both operating under radically different policies with respect to unions, have there been, by and large, any but the best relations between the management and the workers.

A third type of manager is he who is not inclined to impose any restrictions one way or the other. An employer whose plant is located close to Boston, and whose relations

¹ See booklet, *The Hart, Schaffner & Marx Labor Agreement*, issued in Chicago, 1916.

THE EMPLOYER AND THE UNION

with workers have been notably fair, told me that he did not know whether any of his employees were members of the union or not.

"Probably some of them are," he remarked, "because a man is sometimes socially ostracized if he doesn't join."

But he has no relations with the union as a union, and his employees do not feel the need of its assistance in their dealings with him. They have confidence in his justice.

Of course there is also the manager who not only will have nothing to do with the unions, but also actually opposes them by every fair or unfair means available to his hand. He, typically, operates a closed shop; closed against union men. He peremptorily discharges any worker suspected of union affiliations. He agrees without reservation with a manufacturer who, referring to his factory employees, exclaimed, with an oath:

"The only way to handle 'em is with a club!"

But club tactics inevitably encourage retaliation. This kind of employer classes with the revolutionary radicals among the workers; and, unfortunately, he is not yet rare. Prof. Carleton H. Parker has said of him, justly, that he "tries to tell a conventional world that he resists the closed shop because it is

COMMON SENSE IN LABOR MANAGEMENT

un-American, loses him money, or is inefficient. A few years ago he was more honest when he said he would run his business as he wished and would allow no man to tell him what to do."¹

The union, in and of itself, does not often create just conditions for workers. Bitter industrial warfare may be waged where the closed union shop is the rule; or there may be complete harmony. Similarly there may be equally bitter relations where there are no unions, or where they are not effective; or there may, again, be complete harmony. If the management has the intention of justice, and acts justly, there is no need of unions. If the management is either deliberately or unconsciously unjust, the unions may win victories for the workers, but they cannot of themselves make the relations between the management and themselves pleasant or satisfactory. The unions have in many instances taught employers the great underlying need for justice, and have sometimes pointed the way to attain it. In the last analysis, however, it is a task of management to see that provisions are made whereby justice may be done.

¹ "Motives in Economic Life," *The American Economic Review*, March, 1918, Supplement, p. 212.

THE EMPLOYER AND THE UNION

I think any observer is bound to find among business men a growing tolerance of unions, coupled with continued distrust of them as satisfactory agencies for reaching the mutual understandings necessary between the employer and his employees. And this is natural. Organizations like the unions were perhaps the only means that could have upheld the interests of the workers in the transition period of industry from small units to large—a period during which many employers did not understand how the changes in their industries and in their jobs as leaders were to affect the relations of employers and employees, perhaps did not perceive that these changes were taking place; or, as in some cases, they deliberately took advantage of these changes to further, they supposed, their selfish purposes.

But employers are coming to recognize that the best interests, even the selfish purposes, of business are not served by unfairness to employees. Enlightened management has learned that labor, as I have said, is a commodity with a kick, differing radically from all other commodities whatsoever. They have achieved the feat of recognizing that workers in overalls are human beings, very much like themselves in most of the essential emotions and impulses, impelled to varying

COMMON SENSE IN LABOR MANAGEMENT

degrees of resentment when they are unfairly treated, and to a recognition of fair play when they meet it face to face, not charity patients seeking the bribery of gifts, but, normally, men and women wishing to work and have joy in their work and to gain happiness through the fullest development of the best that is in them.

It is impossible and unnecessary to predict the future of unions. That will adjust itself. Far more important is it to make certain that managers recognize the absolute necessity, and the content under modern conditions, of the principle of complete justice in industrial relations. Once that principle is firmly established, the means to its achievement under varying local conditions may be studied with greater assurance; and the means almost inevitably appear.

Of one fact we can be assured—there will be no satisfactory justice unless the workers are represented fairly in determining it. Whether the end is achieved through direct action with the unions, or in other ways, is clearly of less importance to both the management and the workers than the fact that it is achieved in some manner.

Denial by the management that workers have the right to organize, or discrimination

THE EMPLOYER AND THE UNION

against men who belong to unions, has not proved in many cases an effective means of discouraging unionism, even though the employers who adopt such tactics may be profoundly convinced that the union is an artificial means of smoothing out the relations between employers and employees. Similarly, rigid insistence by employees on the exclusion of non-union workers has not commonly resulted in a frame of mind in management conducive to the best relations. In many of the agreements drawn up to provide for the representation of workers in individual concerns it is expressly stated that the representation does not abridge or conflict in any way with the right of employees to belong to unions.

Progress must be mutual. Employers cannot justly improve themselves at the expense of the unions; nor can the employees disregard the interests of the employers. President William Jewett Tucker stated an important truth when he said:

It is, of course, entirely obvious that a greater freedom of mind on the part of the wage-earner may be expected to follow the betterment of his condition. This betterment of condition is the one and final object of the trade-union. I doubt if one-half of that which the trade-union has gained for the wage-earner could have been gained in any other way. I doubt if

COMMON SENSE IN LABOR MANAGEMENT

one-quarter of the gain would have been reached in any other way. Trade-unionism is the business method of effecting the betterment of the wage-earner under the highly organized conditions of the modern industrial world.

But trade-unionism at its best must do its work within two clear limitations. In the first place, every advance which it tries to make in behalf of the wage-earner as such finds a natural limit. The principle of exclusiveness, of separate advantage, is a limited principle. At a given point, now here, now there, it is sure to react upon itself or to be turned back. Organization meets opposing organization. Public interests become involved. Moral issues are raised. The co-operating sympathy of men, which can always be counted upon in any fair appeal to it, turns at once to rebuke and restraint if it is abused. The wage-earner in a democracy will never be allowed to get far beyond the average man through any exclusive advantages he may attempt by organization.¹

In this, as in all similar aspects of the general question, the spirit, purpose, and practice of industrial justice are far more important than the machinery devised to obtain it. Unions have been the objects of bitter attack by some employers. But that is largely because those employers have not gone to the real heart of the matter. They have failed to perceive that the growth of unions has been greatly encouraged by the failure of management to

¹ *Public Mindedness*, the Rumford Press, pp. 169-170.

THE EMPLOYER AND THE UNION

recognize the true significance of the changes in the industrial structure in their bearing on the relations between employers and employees. But the time has passed when management can wisely or profitably fail to accept its share of responsibility.

Great good can undoubtedly come from the open-minded co-operation of employers with the best conservative union leaders, in the attempt to work out answers to the many problems involved, problems that need for their proper handling the greatest wisdom and the clearest vision that are anywhere to be had.

X

THE FALLACY OF PANACEAS

Management must be frank, forceful, and just—No panacea for industrial unrest—It is human for men to disagree—Most disputes easily settled when men understand one another—Lack of sincerity is fatal—Management a task requiring great skill—Business “secrets” are passing—Industrial spies—Three essentials for successful relations with workers—The plan must fit the man—A new spirit in business.

ONLY one theme runs through this book—the need for frankness, force, and justice in management. These qualities are not panaceas, but fundamentals. Without them no plan of management, however elaborately planned and built, can have a full measure of success.

Distrust panaceas. No patent medicine has been invented that will cure all industrial evils. None ever will be, so long as human beings have souls and minds, tempers, interests, wills, passions, and individualities all their own. The management that goes out with gold in its hand, and gold alone, seeking

THE FALLACY OF PANACEAS

to buy industrial peace, is taking a sure road in the direction of industrial warfare. Money alone will not buy industrial peace; nor will suggestion systems, nor schemes for industrial democracy, nor welfare work, nor educational programs, not even good intentions, if the owners of them are guided into the wrong channels. Elemental justice in all the relations of employers and employees, complete frankness in explaining and discussing what is just, and rugged force in carrying out the decrees of justice—that is the policy of management that makes for industrial peace.

It is not a policy of theory, but of eminently successful practice. It is not an easy policy. It does not do away with the clash of minds, the play of passions. It does make provisions for men who think they disagree to meet on a basis which enables them to come to a mutual understanding of terms, conditions, and difficulties, and to offer suggestions leading toward the just solution. It recognizes the great fact that when men get their feet under the same table, and talk with one another on terms of equality, the differences of mere understanding are likely to disappear rapidly, and the differences as to facts can be cleared up through impartial consideration.

And this does not refer to those infrequent

COMMON SENSE IN LABOR MANAGEMENT

and formal cases of arbitration through outside agencies that occur only after both parties to a controversy, by word or deed, have committed themselves to a course of action. It has been proved many times that most disputes in industry can be settled without the intervention of outside agencies, if the management has the intention of justice, and co-operates frankly with employees to determine the content of justice and the method of carrying out its decrees. Wise management provides the machinery, whatever it may be, for frank, full, and fair consideration and adjustment of all differences, whenever they arise. And of course it also does much more in attempting to provide the opportunities for men to realize through their work the best of their abilities.

I do not expect ever to find any employer who is perfect in the quality of justice, utterly frank, and always ruggedly forceful. It is human to misunderstand and to reason incorrectly. Habit and nature play us tricks. On one occasion the young woman head of an office department fell behind with her work. Being conscientious, she asked the girls in her department to come down with her for a few hours on a public holiday, to catch up. They did so.

THE FALLACY OF PANACEAS

It happened that while they were at their self-appointed task the manager came in. He evidently was deeply engrossed in a problem of his own. Instead of indicating surprise or pleasure upon finding the girls at work when every one else was on holiday he did not even say, "Good morning!"

Habit played him that trick. He utterly ignored the unasked effort, not purposely, but simply because it was not his custom to greet his employees when he came in. I know that this manager has spent many hours trying to invent ways to reduce a tragically high rate of turnover among employees in his office. He strives conscientiously to correct management faults in himself that he has more or less clearly perceived. Yet on this occasion he neglected the simple courtesy of a friendly word, the nod of the head that would have indicated appreciation of the workers' effort—powerful and subtle tools of management these! He left his loyal department head in a frame of mind to complain that it would be many days before she would again go out of her way to catch up with lagging work!

The problem of management in industry is as large as the problem of the development of human character. And therein lies its fascination.

COMMON SENSE IN LABOR MANAGEMENT

The manager, in his own person or through his personnel executive, should be at least as careful a student of crowd psychology as the union leader, who has the knack, typically, of perceiving when conditions are ripe for calling a strike. He should provide the means of knowing when conditions are ripe for friction, and should make it one of his foremost jobs to correct or prevent such conditions.

The capable manager keeps close to his workers' minds. He knows, from frequent and intimate contact with them, what their varying reactions are likely to be under given circumstances. He knows that there is nothing more sacred in an expanse of mahogany table-top than in a turret lathe; nothing more human in the person of a white-collared worker than in a greasy-handed operative. Both are God's creatures. Both, according to their abilities, are doing necessary things to keep the world moving and to make industry thrifty. But how easy it is to forget this when we sit in our cozy offices and gaze complacently upon our manicured finger-nails; or, more probably, when we stand face to face with the greasy-handed operative, and he selfishly demands something that we as selfishly determine he shall not have!

A dime held close to the eye covers the

THE FALLACY OF PANACEAS

moon. A little matter of title, neighborhood, millinery, education, or race blinds us to the great fact of the innate similarity of all of us, greatest and least. I am not stating this well-worn fact with any chiding purpose of reform. As long as men work side by side, or have anything to do with one another, interests and personalities will continue to clash, sparks of resentment will inevitably fly, there will be perpetual chafing over little things, accusations and counter-accusations, childish quarrels for the most part, perhaps; but the greatest are childish about some things, and we can hardly expect better of those whose understanding or training may be much less. Let management recognize the tremendous importance of trifles, and guard against permanent harm in the only way possible—namely, by weaving into the daily thought-fabric of workers the feeling of confidence that when conditions making for injustice do appear the management will be fair and frank in adjusting them.

Motives in industry, as in life, are strongly tinged with selfishness. That fact in itself is no destroyer of confidence in the relations of the management and the men, for the circumstance is pretty certain to be mutual. What does do harm is failure to be frank about

COMMON SENSE IN LABOR MANAGEMENT

it. If the motive in a given activity is selfish, the wisest experience urges that the selfish element should by all means stand revealed. If there is no selfish benefit to be gained by the other bargainer, then the program is clearly unjust. If there is no concealment, the purely selfish advantages to the worker may probably outweigh in his eyes the selfish gain of the employer, and he will accept it. But if frankness is absent, if the endeavor is made to disguise a selfish purpose under a cloak of disinterestedness or philanthropy, confidence flies out of the window and the worker's imagination darkly supplies all and more than the employer tries to conceal.

Any lack of sincerity in proposing a step concerning both the employer and the employee will be immediately evident, and will operate sooner or later to render it ineffective. The insincerity cannot be hidden. Sincerity, on the other hand, is not an object of suspicion merely because it has for its aim the logical purpose of business—namely, earning profits. Plenty of managers desire to do something to end their troubles with employees, prompted by the fear of what may happen if they fail to end them. But the means used too often have their being merely on the surface, not in the heart. Half-way measures are futile.

THE FALLACY OF PANACEAS

Whatever is done must be done because it is right, ethically, socially, and commercially.

It is not my thought to underemphasize the fact that in making a business profitable by just methods the manager is doing a service to society, a service in which he may take a greater personal satisfaction than in the mere accumulation of profits. The futility of accumulation for its own sake has been often dwelt upon. The joy of achievement, what Theodore Roosevelt meant when he urged men to "spend and be spent," is one of the great satisfactions of life. I seriously doubt whether the great enterprises of management would ever be achieved were the prospective financial reward the primary incentive.

With the satisfactions of achievement come responsibilities. Frank Waterhouse, president of a Pacific coast shipping company, expressed to me a sentiment common to many executives of notable achievement when he said, "I feel that any man placed in charge of large affairs owes a duty, in return for the superior advantages accorded him, to the workers with whom he is associated." In passing, let me point out that the responsibility extends farther than to employees. Though it is outside the scope of the present consideration, it

COMMON SENSE IN LABOR MANAGEMENT

reaches on to customers and to the public at large. The offices of this responsibility are best performed, not through mere charity or mere philanthropy, but through providing adequate opportunities for the fullest realization of the individual employee's highest abilities. As I have pointed out, it requires more skill to manage men with perfect frankness, justice, and force than in the ways of arrogant autocracy. In the fullest realization of himself in his business, therefore, the manager best fulfils his duties to his employees and to society. Other things being equal, experience goes to prove that the business that is most profitable is best managed.

There is little room in the counsels of successful business for the type of manager of whom I heard the other day. Shortly after the war, at a time when it seemed likely that conditions would reverse themselves and there would be more workers than jobs about, he was capable of saying, vindictively, "It's going to be *our* turn for a while, now!"

In the pursuit of industrial justice, secrecy is one common trait in management that managers find they must subject to modification. As between the workers and the management, secrecy results from one of two conditions: first, fear that the workers might unwisely

THE FALLACY OF PANACEAS

reveal important facts to competitors; or second, fear that they will learn of the injustice of management toward themselves.

However valid the first reason may be, the second is utterly untenable. In plants where wages are set by rule of thumb and the squeeze bargain, without the intervention of unions, secrecy is founded on the thought that if Jack, say, were to have a look at the payroll, he would learn that Bill is getting a dollar a week more than he; whereas Bill, to Jack's knowledge, is not so good a workman. He is merely a better bargainer. If the management has secrets, the men will have them, too. Some concerns are already throwing their books open to the authorized representatives of the men.

Comparable to the man who insists on secrecy is he who stoops to hire spies, the odious agents of autocracy. Their employment in industry is a direct confession by the manager of his weakness. Having discovered his inability to create conditions sufficiently good to win the confidence of the workers, having accepted conflict as inevitable, he places his paid emissaries in the hostile camp to worm his way into the confidence of men whose confidence he cannot win himself; to acquire foreknowledge of coming events; to

COMMON SENSE IN LABOR MANAGEMENT

eliminate opposing leaders; to betray his working associates! I know of at least one instance where the employees matched spy with spy, and had as their representative the confidential secretary of a high executive!

The right-minded manager does not want associates on whom he must spy; men who look at him blackly under their eyebrows as he passes, who must be threatened and coerced, who may be cowed into submission. In the office of a Seattle dock superintendent I saw half a dozen bright rifles in a rack on the wall.

"That's the best way," the superintendent told me, "to talk with the dock hands. If I had my way, I'd close every dock in Seattle for thirty days and let the beggars starve!"

Fortunately this type of manager is coming less and less to have his way. Enlightened employers know the worth of the worker who stands firmly on his feet and looks his superior squarely in the eye, confident, competent, unafraid.

In the chapters of this book I have tried to sketch some types of machinery for building confidence in the management. And I have tried to emphasize in each instance that where the machinery succeeded it did so, not because of any universally tonic properties of the plan itself, but because it happened to fit well

THE FALLACY OF PANACEAS

with conditions in the plant where it was used, and that it was directed intelligently, with justice, frankness, and force, by the management.

The plan must fit the man. One company president eats lunch with his workers. He sits down in the factory restaurant among them wherever he happens to find an unoccupied seat. A man of another temperament might do more harm than good that way. Still another president is frequently to be seen in his shirt-sleeves in the factory departments, consulting, advising, and getting his hands dirty! But some men doing that would merely lay themselves open to derision, because workers would perceive that the action was not natural. Workers do not resent reserve or natural dignity. They do keenly resent any affectation of class distinction or inherent superiority, the kind of bearing that suggests the remark, "He certainly thinks he's *it*!"

The plan, or theory, then, is not nearly so important as the practice. The best-devised plan in the world is sure to fall short of its real purpose if it is directed without justice and without a sympathetic understanding of human nature. No plan can be divorced from its sponsors and proposed as a cure-all. And, whatever plan the management does under-

COMMON SENSE IN LABOR MANAGEMENT

take, it must be administered justly, frankly, and forcefully. I think it will be found that no plan will work to the best advantage which does not guarantee at least three things, all previously discussed:

1. A fair compensation both to the worker and to the employer.

2. A fair chance to enjoy the work in and of itself, or for the satisfactions, of whatever kind, that result from doing it.

3. A fair opportunity to take advantage of the better things of life after the worker steps out of the door of the plant when the day's or week's or year's work is done.

These things are fundamental.

Greater production at a reasonable cost is to the interest of the employer, the employee, and society. No subversion of fundamental truths can permanently hide that fact. The interests of management and of society in greater production are easy to determine. No less is the interest of employees, though in some directions the theory of restricted production has been urged—a theory as subversive of the moral character of the workman as it is of the interest of his pocketbook. The theory, of course, had its origin in, and was a natural reaction to, the unwise speeding-up methods too often used in autocratically

THE FALLACY OF PANACEAS

managed industries. In the light of new management truths, and under the guidance of employers controlled by principles of fundamental justice, the fallacy cannot and will not persist.

I should like to close this last chapter, as I closed the first, with the thought that a new spirit is moving all through business—a spirit that is tending to make business more like the professions in point of service to society. There is yet a long road ahead to travel. There is still vast disagreement as to what might be fixed on even tentatively as a satisfactory code of business ethics. It will be a joy for all who have a share in managing and working to aid in the solution of these things.

That joy will not be confined to the masters and great leaders. It will be shared in a degree by the humblest workers.

The problems of business in the broad spaces of the world are among the greatest tasks facing us to-day. And far from the least of them are the tasks of management.

APPENDICES

APPENDIX I

THE INTERNATIONAL HARVESTER COMPANY'S INDUSTRIAL COUNCIL PLAN

THE following is the text of the industrial council plan proposed to its employees by the International Harvester Company, and accepted in nineteen of the twenty plants:

ARTICLE I. PURPOSE

The Employees and the Management of the International Harvester Company and its subsidiary companies [*but in Canada, of the International Harvester Company of Canada, Limited*] undertake by the adoption of this plan of an Industrial Council to establish these relations upon a definite and durable basis of mutual understanding and confidence.

To this end the Employees and the Management shall have equal representation in the consideration of all questions of policy relating to working conditions, health, safety, hours of labor, wages, recreation, education, and other similar matters of mutual interest.

COMMON SENSE IN LABOR MANAGEMENT

ARTICLE II. WORKS COUNCILS

As the principal means of carrying this plan into effect, there shall be organized, at each Works adopting the plan, a Works Council composed of Representatives of the Employees, and Representatives of the Management. The Employee Representatives shall be elected by the employees. The Management Representatives shall be appointed by the management, and shall not exceed the Employee Representatives in number. Both shall at all times have an equal voice and voting power in considering matters coming before the Council.

Through these Councils any employee or group of employees, or the management, may at any time present suggestions, requests, or complaints with the certainty of a full and fair hearing. Matters which cannot be thus disposed of may, by mutual consent, be submitted to impartial arbitration as hereinafter provided.

ARTICLE III. DEPARTMENT OF INDUSTRIAL RELATIONS

To aid in carrying out this plan the Company has established a Department of Industrial Relations which is charged with the duty of giving special attention to all matters pertaining to labor policies and the well-being of the employees.

ARTICLE IV. VOTING DIVISION

The basis of representation shall generally be one Employee Representative for each two hun-

APPENDIX I

dred to three hundred employees, but in no case shall there be less than five Employee Representatives in the Works Council.

In order that the different departments and crafts may be fairly represented, each Works shall be divided into Voting Divisions, and each Division shall be assigned its proper number of Representatives based upon the average number of persons employed therein during the month of December preceding the election.

The Works Council may change the Voting Divisions whenever necessary to secure complete and fair representation.

ARTICLE V. QUALIFICATIONS OF EMPLOYEE REPRESENTATIVES

1. To be eligible for nomination as Employee Representative from any Voting Division, the Employee must be employed therein.

2. Foremen, assistant foremen, and other employees having the power of employment or discharge, shall not be eligible for nomination.

3. Only employees who are citizens of the United States [*but in Canada, employees who are Canadian or British subjects*] twenty-one years old or over, and have been continuously in the Works' service for one year immediately prior to nomination, as shown on the records of the Employment Department, shall be eligible for nomination as Employee Representatives.

COMMON SENSE IN LABOR MANAGEMENT

ARTICLE VI. NOMINATION AND ELECTION OF EMPLOYEE REPRESENTATIVES

1. Nomination and election of Employee Representatives shall be by secret ballot. The first nomination and election shall be held as soon as practicable after the adoption of this plan, at which time the full number of Employee Representatives shall be elected.

2. At the first meeting of the Works Council the Employee Representatives shall be divided by lot into two classes, one-half with terms expiring on January 1, 1920, and the other half with terms expiring on July 1, 1920. Thereafter the election of Employee Representatives of the first class shall be held in December and of the second class in June. Except as above provided, all Employee Representatives shall hold office for one year and until their successors are duly elected.

3. Notice of the time appointed for nominations and elections shall be given by bulletins posted publicly in the Works at least two days before the date set for the nominating ballot.

4. All employees, both men and women, shall be entitled to vote, except foremen, assistant foremen, and other employees having the power of employment or discharge.

Nominations

5. Nominations shall be made in the following manner: Not more than four days before the date

APPENDIX I

fixed for the election, a nominating vote shall be taken. A blank ballot stating the number of Representatives to be nominated from his Voting Division will be offered to each employee present at work on the date of the nomination, including all workers on the night turn, if any.

6. On this ballot the employee will write (or he may have a fellow-employee write for him) the name of the person he desires to nominate. If his Voting Division is to elect one Representative then one name shall be written on the ballot; if his Voting Division is to elect two Representatives, then two names, and so on.

7. Any ballot containing more names than the number of Representatives to be elected from that Voting Division shall not be counted.

8. Employees will deposit their ballots in a locked box carried by a teller representing the employees, who shall be accompanied by a timekeeper.

9. When all who desire have voted, the timekeeper and two employee watchers shall open the ballot-box and count and record the votes, in the presence of the Works Auditor, or person designated by him.

10. In Voting Divisions from which *one* Representative is to be elected, the *two* persons receiving the highest number of votes shall be declared nominated. If any Voting Division is to elect *two* Representatives, then the *four* persons receiving the highest number of votes shall be declared nominated, and so on.

COMMON SENSE IN LABOR MANAGEMENT

11. If any person nominated is disqualified under the provisions of Article V, then the properly qualified candidate receiving the next highest number of votes shall be declared the nominee.

12. The results of the balloting and the names of the nominees shall be posted in the Works as soon as the votes have been counted and the nominations declared.

Elections

13. Not more than four days after the nominations are posted, the election by secret ballot shall be held in the same manner as for nominations, except that at the election only the names of the persons who have been duly nominated shall appear on the ballots, and these persons alone can be voted for.

14. The name of the nominee receiving the highest number of votes shall be placed first upon the election ballot; the name of the nominee receiving the next highest number shall be placed next on the election ballot, and so on.

15. At the election the candidate or candidates receiving the highest number of votes in his or their Voting Division shall be declared elected members of the Works Council.

ARTICLE VII. APPOINTMENT OF MANAGEMENT REPRESENTATIVES

Upon the election of the Employee Representatives the management will announce the appoint-

APPENDIX I

ment of the Management Representatives in the Works Council, whose number shall in no case exceed the number of elected Employee Representatives.

ARTICLE VIII. VACANCIES IN THE WORKS COUNCIL

1. If any Employee Representative leaves the service of the Works, or becomes ineligible for any of the reasons stated in Section V, or is recalled, as provided in Section IX, or is absent from more than four consecutive meetings of the Works Council without such absence being excused by the Council, his membership therein shall immediately cease.

2. All vacancies among the Employee Representatives shall be promptly filled by special nomination and election, conducted under the direction of the Works Council in the same manner as regular nominations and elections. Vacancies among the Management Representatives shall be filled by appointment by the management.

ARTICLE IX. RECALL OF EMPLOYEE REPRESENTATIVES

1. If the services of any Employee Representative become unsatisfactory to the Employees of the Voting Division from which he was elected, they may recall him in the manner herein provided.

2. Whenever a petition is filed with the Chair-

COMMON SENSE IN LABOR MANAGEMENT

man of the Works Council signed by not less than one-third of the Employees of a Voting Division, asking for the recall of their Representative, a special election by secret ballot shall be held in that Voting Division under the direction of the Works Council, to decide whether such Representative shall be recalled or continued in office.

3. If at such election a majority of the employees in the Voting Division vote in favor of recalling their Representative, then his term of office shall immediately cease; otherwise he shall continue in office.

4. Any vacancy so created shall be immediately filled by a special election, as provided in Section VIII.

ARTICLE X. ORGANIZATION AND MEETINGS OF THE WORKS COUNCIL

1. The Manager of the Department of Industrial Relations or some one designated by him, shall act as Chairman of the Works Council. A Secretary shall be appointed by the Superintendent of the Works. Neither the Chairman nor Secretary shall have a vote.

2. A majority of the Employee Representatives, together with a majority of the Management Representatives, shall constitute a quorum, and no business shall be transacted at any meeting where less than a quorum is present.

3. The Works Council may appoint such sub-

APPENDIX I

committees as it deems desirable for efficient conduct of its business. On all such sub-committees both the employees and the management shall be represented, and each group of Representatives shall have equal voting power.

4. The Works Council shall hold regular monthly meetings at times fixed by the Council. Special meetings shall be called on three days' written notice by the Chairman, Secretary, or any three members of the Council. Sub-committees shall meet whenever necessary.

5. The Company shall provide at its expense suitable places for meetings of the Works Council and its sub-committees and the Employee Representatives thereon.

6. Employees serving as members of the Works Council shall receive their regular pay from the Company during such absence from work as this service actually requires, except that if the Employee Representatives so desire, they shall be at liberty to arrange for compensation to be paid by pro rata assessment among the employees.

7. Employees attending any meeting at the request of the Works Council or any sub-committee, shall receive their regular pay from the Company for such time as they are actually and necessarily absent from work on this account.

8. The Works Council may prepare and distribute to the employees reports of its proceedings, and the expense thereof shall be borne by the Company.

COMMON SENSE IN LABOR MANAGEMENT

ARTICLE XI. DUTIES AND POWERS OF THE WORKS COUNCIL

1. The Works Council may consider and make recommendations on all questions relating to working conditions, protection of health, safety, wages, hours of labor, recreation, education, and other similar matters of mutual interest to the employees and the management. It shall afford full opportunity for the presentation and discussion of these matters.

2. The Works Council may on its own motion investigate matters of mutual interest and make recommendations thereon to the Works Management; and the management also may refer matters to the Works Council for investigation and report.

3. The Works Council may confer with the Superintendent or other person designated by him in regard to all matters of mutual interest, and shall receive from the management regular reports in regard to accident prevention, sanitation, restaurants, medical service, employment, educational programs, and recreational activities, including information as to the cost, efficiency, and results obtained.

4. The Works Council shall be concerned solely with shaping the policies of the Company relating to the matters heretofore mentioned. When the policy of the Company as to any of these matters has been settled, its execution shall remain with

APPENDIX I

the management, but the manner of that execution may at any time be a subject for the consideration of the Works Council.

ARTICLE XII. PROCEDURE OF WORKS COUNCIL

1. Employees desiring to bring any matters before the Works Council may present these to the Secretary of the Council either in person or through their Representatives. It shall be the Secretary's duty first to ascertain whether the matter has been properly presented through the regular channels to the Superintendent, and if not he shall see that this is promptly done.

2. If the matter is not satisfactorily disposed of in this manner, the Secretary shall submit a written statement of the matter to each member of the Works Council at least three days before the next regular meeting.

3. Any employee or group of employees thus referring a matter to the Works Council shall have an opportunity to appear before it and present the case. Any such group of employees shall select not more than three spokesmen from their own number to appear before the Council.

4. The Works Council may call any employee before it to give information regarding any matter under consideration. The Works Council, or any sub-committees appointed by it for that purpose, may go in a body to any part of the plant to make investigations.

COMMON SENSE IN LABOR MANAGEMENT

5. After complete investigation and full discussion of any matter under consideration by the Works Council, the Chairman shall call for a vote which shall be secret, unless otherwise ordered by the Council. The Employee Representatives and the Management Representatives shall vote separately. The vote of a majority of the Employee Representatives shall be taken as the vote of all and recorded as their unit vote. Similarly, the vote of a majority of the Management Representatives shall be taken as the vote of all and recorded as their unit vote.

6. Both the Employee Representatives and the Management Representatives shall have the right to withdraw temporarily from any meeting of the Works Council for private discussion of any matter under consideration.

7. When the Works Council reaches an agreement on any matter, its recommendation shall be referred to the Superintendent for execution, except that if the Superintendent considers it of such importance as to require the attention of the general officers, he shall immediately refer it to the President of the International Harvester Company, who may either approve the recommendation of the Works Council and order its immediate execution by the Superintendent, or proceed with further consideration of the matter in accordance with Article XIII.

8. In case of a tie vote in the Works Council, it shall be in order to reopen the discussion, to

APPENDIX I

offer a substitute or compromise recommendation, on which the votes shall be taken in the same manner as above provided.

ARTICLE XIII. REFERENCE TO THE PRESIDENT

1. If, after further consideration, the vote in the Works Council remains a tie, then the matter shall, at the request of either the Employee Representatives or the Management Representatives, be referred to the President of the International Harvester Company.

2. The President, or his specially appointed representative, may confer with the Works Council as a whole, or any sub-committee thereof, or any group of Employee Representatives, at such time and place and in such manner as in his opinion will best serve to bring out all the facts of the case.

3. Within ten days after the matter has been referred to him, the President shall either

(a) propose a settlement thereof; or

(b) refer the matter directly to a General Council to be formed as provided in Article XIV.

4. If the settlement proposed by the President is not satisfactory to a majority of the Employee Representatives, and if after a further period of five days no agreement has been reached, then the President may, if he deems it advisable, refer the matter to a General Council to be formed as provided in Article XIV.

COMMON SENSE IN LABOR MANAGEMENT

5. If the President decides not to refer the matter to a General Council, or if the vote of the General Council is a tie, then the matter may, by mutual agreement of the President and a majority of the Employee Representatives, be submitted to arbitration, as provided in Article XV.

ARTICLE XIV. GENERAL COUNCIL

1. Whenever in the opinion of the President any matter coming before any Works Council affects other Works of the Company, or whenever he desires to refer any matter as provided in Article XIII, he may call a General Council to consider such matter, and thereafter the Works Council shall take no further action thereon.

2. The General Council shall be formed in the following manner: The President shall issue a notice designating the several Works which he deems jointly interested. Thereupon the Employee Representatives in the Works Council at each of the Works designated shall select two or more of their own number to act as members of the General Council. There shall be one such member of the General Council for each 1,000 employees or major fraction thereof, except that no Works shall have less than two Representatives in the General Council.

3. The Management Representatives in the General Council shall be appointed by the President and shall not exceed the number of Employee Representatives.

APPENDIX I

4. The President or some person designated by him shall act as Chairman of the General Council, without vote.

5. The first meeting of the General Council shall be held within ten days after the President's notice calling such Council.

6. The General Council shall, when necessary, take recess in order to allow Employee Representatives therein to confer with other members of their Work Councils. For this purpose special meetings of the Work Councils as a whole, or of the Employee Representatives alone, shall (at the request of the Employee Representatives serving on the General Council) be convened at the respective Works and full opportunity shall be given for conference and discussion with such Representatives regarding their attitude and action on the pending matter.

7. Reasonable traveling expenses, including hotel bills of Employee and Management Representatives serving on a General Council, shall be paid by the Company.

8. The procedure in the General Council with reference to the consideration of matters coming before it and the manner of voting shall be the same as that prescribed for the Works Council.

9. If the General Council is unable to reach an agreement as to any matter, it may, by mutual agreement of a majority of both the Employee Representatives and the Management Representatives, be submitted to arbitration.

COMMON SENSE IN LABOR MANAGEMENT

ARTICLE XV. ARBITRATION

1. Whenever the President and a majority of the Employee Representatives in the General Council, or the Works Council, as the case may be, have mutually agreed to submit a matter to arbitration, they shall proceed to select an impartial and disinterested arbitrator. If they cannot agree upon an arbitrator, then the Employee Representatives shall choose one such arbitrator and the President shall choose another, and if these two agree, their decision shall be final. If they do not agree, then they shall select and call in a third arbitrator, and a decision of a majority of these three shall be final.

2. The arbitrator or arbitrators shall be furnished all the information and testimony they deem necessary regarding the matter in arbitration.

ARTICLE XVI. DECISIONS OF GENERAL COUNCIL OR BY ARBITRATION

All decisions of any General Council or of any arbitrator or arbitrators shall be binding upon all the Works originally designated by the President as being jointly interested. Any such decision may be made retroactive.

ARTICLE XVII. GUARANTY OF INDEPENDENCE OF ACTION

Every Representative serving on any Works or General Council shall be wholly free in the per-

APPENDIX I

formance of his duties as such, and shall not be discriminated against on account of any action taken by him in good faith in his representative capacity. To guarantee to each Representative his independence, he shall have the right to appeal directly to the President for relief from any alleged discrimination against him, and if the decision of the President is not satisfactory to him, then to have the question settled by an arbitrator selected by mutual agreement.

ARTICLE XVIII. NO DISCRIMINATION

There shall be no discrimination under this plan against any employee because of race, sex, political or religious affiliation or membership in any labor or other organization.

ARTICLE XIX. DECISIONS AFFECTING WAGES

Decisions affecting wages made by any Works Council or General Council or by arbitration shall be subject to revision whenever changed conditions justify, but not oftener than at intervals of six months.

ARTICLE XX. AMENDMENT OR TERMINATION OF PLAN

1. This plan may be amended by the Works Council of any Works by a majority vote of all the duly elected Employee Representatives together with a majority vote of all the Management

COMMON SENSE IN LABOR MANAGEMENT

Representatives. Amendments must be proposed in writing at a regular meeting, and no vote shall be taken thereon until the regular meeting following such presentation. No amendment shall be adopted that will destroy or limit the equal voting power of the Employee Representatives and Management Representatives in the Works Council and General Council.

2. If in the judgment of the President any proposed amendment affects other Works, then he shall call a General Council to consider such amendment. The adoption or rejection of an amendment shall not be the subject of arbitration.

3. This plan may be terminated at any Works, after six months' notice, by a majority vote of the employees of that Works, or by action of the Board of Directors of the Company.

Adoption of Plan

This plan shall become effective at any Works upon adoption by a majority vote of the employees of such Works voting thereon at a special election held for that purpose.

APPENDIX II

THE WAGE POLICY OF THE ONEIDA COMMUNITY, LTD.¹

THE Oneida Community, Ltd., has for many years aimed at a real partnership between the owners, the management, and the employees of the company, and along somewhat different lines than elsewhere. We have never adopted any of the specific "profit-sharing" schemes which have become so common. We have felt that much very substantial "sharing" should be done through the medium of the wages before the more ingenious and doubtful schemes are undertaken.

While we have never believed that equality of reward was either practical or just so long as equality of responsibility was unattainable, we have aimed very greatly to reduce those extreme inequalities so generally regarded as natural and inevitable, in order that a minimum wage might be paid which would guarantee comfort and happiness to every faithful workman, no matter how humble his talents. We have aimed to increase this minimum wage for individuals as they came to contribute to the prosperity of the society, and to increase the minimum to all as fast as the Oneida Community's prosperity increased.

¹ Quoted from a booklet issued by the society.

COMMON SENSE IN LABOR MANAGEMENT

A brief explanation of the principles underlying our industrial system will indicate the place this "High Cost of Living"¹ plan has taken in our industrial developments.

We have aimed largely through the medium of wages—

First, to share whatever prosperity has come to the company with every one connected with it. During the past twenty years wages have been periodically advanced, not as a result of demand from the employees nor as a result of competitive conditions, but because in each case our prosperity had reached a point where such an increase in wages was due as a division of profits.

Second, to reduce, as far as possible, special privileges. We re-examined many old assumptions regarding the privileges of the management and the office classes as compared with factory workers. We have given attention to the financial protection of employees on an equal basis with the protection of capital. With initiative increasingly in the hands of the employees, homes and home surroundings, recreational facilities, and schools have been created of such a character as to satisfy and to be used in common by management and men. Our system of employment has long recognized that every workman should so far as possible have the same security of employment as the executives and managers of a business institution provide for themselves.

¹ See p. 108.

APPENDIX II

Finally, we have gone very carefully into the subject of protecting standards of living. As an illustration, we recognize that a rate of wages once attained will set the standard of living for a family so completely that any wage reduction which threatens this standard of living is not only a misfortune, but an injustice. Under our present theory and practice, when a workman's job is changed in the interest of the company we aim, during the period while he is learning his new job, to keep his wages as nearly as possible up to his previous rate in order that he may maintain his old standard of living.

It was in connection with this maintenance of the standard of living that the violent changes brought about by the war were discussed. In ordinary times it has proved possible to provide for changes in cost of living with increasing efficiency and certainty by rule-of-thumb methods—by a conscientious recognition in wages of changed conditions. The close human touch always maintained between the management and employees of the Oneida Community has given to such adjustments a very practical efficiency. The war, however, introduced such tremendous factors of variation and uncertainty that some machinery for automatic adjustment had to be devised or our progress toward the much-desired “partnership” would be interrupted and perhaps permanently endangered.

By January, 1917, the advance of commodity

COMMON SENSE IN LABOR MANAGEMENT

prices had already greatly reduced the purchasing power of a dollar, and this reduction was proceeding so fast that neither well-meaning employers nor importunate employees could accomplish wage advances large enough or fast enough to prevent a steady fall of real wages throughout the country. This condition promised to continue indefinitely, for no manufacturer dared, and it was evident that no one, unless forced to do so, would dare, to make wage advances commensurate with commodity advances. The difficulty of accomplishing wage reductions later when commodities had fallen back to their old level loomed with sinister suggestion in the background.

Yet anything short of equivalent advances meant that labor would receive smaller returns throughout a period when the profits and prosperity of manufacturers promised to reach boom proportions. The Oneida Community, Ltd., could not endure such a situation without going back on every principle of its organization. For our employees' wages must fully cover the increase in the cost of living. Their standard of living must always be fully protected.

BIBLIOGRAPHY

THE NEW THOUGHT IN MANAGEMENT

- An Approach to Business Problems.* A. W. Shaw. Chap. VI. Harvard University Press, Cambridge, Massachusetts, 1916.
- Employment Management.* Daniel Bloomfield. The H. W. Wilson Company, New York, 1919.
- Hiring the Worker.* Roy W. Kelly. Engineering Magazine Company, New York, 1918.
- Human Factor in Works Management.* James Hartness. McGraw-Hill Book Company, New York, 1912.
- Industry and Humanity—A Study in the Principles Underlying Industrial Reconstruction.* Hon. W. L. Mackenzie King, C.M.G. Houghton Mifflin Company, Boston, 1918.
- Labor and the Railroads.* James O. Fagan. Houghton Mifflin Company, Boston, 1909.
- Management and Men.* Meyer Bloomfield. The Century Company, 1919.
- Principles of Scientific Management.* Frederick W. Taylor. Harper & Brothers, New York, 1917.
- Social Psychology.* William McDougall. Holt, New York, 1912.
- The Art of Handling Men.* J. H. Collins. Altemus, Philadelphia, 1910.
- The Executive and His Control of Men.* E. B. Gowin. Macmillan, 1915.

COMMON SENSE IN LABOR MANAGEMENT

- The Library of Factory Management*, Vol. IV—*Labor*.
A. W. Shaw Company, Chicago, 1915.
- The New Industrial Day: A Book for Men Who Employ Men*. William C. Redfield. The Century Company, New York, 1912.
- The Instincts in Industry*. Ordway Tead. Houghton Mifflin Company, Boston, 1918.
- Works Manager of To-day*. Sidney Webb. Longmans, 1917.

INDUSTRIAL DEMOCRACY

- American Company Shop Committee Plans*. A digest of twenty plans for employees' representation, compiled by the Bureau of Industrial Research, New York, 1919.
- Hart, Schaffner & Marx Labor Agreement*. Chicago, 1916.
- Man to Man: The Story of Industrial Democracy*. John Leitch. B. C. Forbes Company, New York, 1919.
- The Colorado Industrial Plan*. John D. Rockefeller, Jr. Standard Oil Company, New York, 1916.
- Works Committees and Joint Industrial Councils*. A. B. Wolfe. The Industrial Relations Division of the Emergency Fleet Corporation of the United States Shipping Board, January, 1919.

WORKING CONDITIONS

- Factory Lighting*. C. E. Clewell. McGraw-Hill Book Company, New York, 1913.
- Fatigue and Efficiency: A Study in Industry*. Josephine Goldmark. Charities Publication Committee of the Russell Sage Foundation, New York, 1912.
- Fatigue Study*. Frank B. and Lillian M. Gilbreth. Sturgis & Walton Company, New York, 1916.

BIBLIOGRAPHY

- Industrial Accidents and Their Compensation.* Gilbert Lewis Campbell. Houghton Mifflin Company, Boston, 1911.
- Industrial Health and Efficiency: Final Report of the British Munition Workers' Committee.* Bulletin of the United States Bureau of Labor Statistics, No. 249. Government Printing Office, Washington, D. C., 1919.
- Occupational Diseases.* W. Gilman Thompson, M.D. D. Appleton & Company, New York, 1914.
- Safety.* W. H. Tolman and Leonard B. Rendall. Harper & Brothers, New York, 1913.
- Social Engineering.* William H. Tolman. McGraw Publishing Company, 1909.
- The Library of Factory Management, Vol. I—Buildings and Upkeep.* A. W. Shaw Company, Chicago, 1915.
- Universal Safety Standards.* Carl M. Hansen, M.E. Universal Safety Standards Publishing Company, New York, 1914.
- Work-Accidents and the Law.* Crystal Eastman. Charities Publication Committee of the Russell Sage Foundation, New York, 1910.

LIVING CONDITIONS

- The Standard of Living Among the Industrial People of America.* Frank Hatch Streightoff. Houghton Mifflin Company, Boston, 1911.
- Report of the United States Housing Corporation.* United States Department of Labor, Bureau of Industrial Housing and Transportation. Government Printing Office, Washington, D. C., 1919.
- War-time Housing and Community Development.* Report to the Chamber of Commerce, Wilmington,

COMMON SENSE IN LABOR MANAGEMENT

Delaware. John Nolen, Cambridge, Massachusetts, 1918.

Welfare and Housing. J. E. Hutton. Longmans, 1918.

THE MONEY INCENTIVE

Economic Studies, published for the American Economic Association. Vol. I. Macmillan, New York, 1896.

Efficiency as a Basis for Operation and Wages. Harrington Emerson. Engineering Magazine Company, New York, 1914.

Profit-sharing: Its Principles and Practice. A collaboration by Arthur W. Burritt, Henry S. Denison, Edwin F. Gay, Ralph E. Heilman, and Henry P. Kendall. Harper & Brothers, New York and London, 1918.

Profit-sharing in the United States. Bulletin of the United States Bureau of Labor Statistics, No. 208, 1917.

Scientific Office Management. William H. Leffingwell. A. W. Shaw Company, Chicago, 1917.

THE WORKER'S SECURITY

Philadelphia Unemployment—With Special Reference to the Textile Industries. A report by Joseph H. Willits, Department of Public Work, Philadelphia, 1915.

Stabilizing Industrial Employment; Reducing the Labor Turnover, Vol. LXXI (whole No. 160), Annals of the American Academy of Social and Political Science. Editor in charge of this volume, Joseph H. Willits. Philadelphia, Pennsylvania, The American Academy of Political and Social Science, 1917.

BIBLIOGRAPHY

Turnover of Factory Labor. Summer H. Sleichter.
D. Appleton & Company, New York, 1919.

WORKERS AS CRAFTSMEN

The Creative Instinct in Industry. Helen Marot. E.
P. Dutton, New York, 1918.

UNIONS

Industrial Democracy. Sidney and Beatrice Webb.
Longmans, New York and London, 1897.

Organized Labor. John Mitchell. American Book and
Bible House, Philadelphia, 1903.

Organized Labor; Its Problems and How to Meet Them.
A. J. Portenar. The Macmillan Company, New
York, 1912.

*The Future of Trades-Unionism and Capitalism in a
Democracy.* Charles W. Eliot. G. P. Putnam's
Sons, New York and London, 1910.

Trade Unionism in the United States. Robert Franklin
Hoxie. D. Appleton & Company, New York,
London, 1917.

PERIODICALS

Many excellent articles, too numerous to mention
separately, are scattered through the files of the
following:

Annals of the American Academy.

Economic Studies.

Factory.

Industrial Management.

Quarterly Journal of Economics.

System.

The National Civic Federation Review.

The Survey.

COMMON SENSE IN LABOR MANAGEMENT

Various bulletins and reports of the United States Bureau of Labor Statistics. For a very complete list of periodicals, see *The Monthly Labor Review*, June, 1919, of the Bureau of Labor Statistics, "List of Labor Papers and Journals and Other Periodicals Featuring Labor Matters Received Currently in the Department of Labor Library."

THE END

Ec.H
C5948c

447474
Clark, Neil McCullough
Common sense in labor management.

**University of Toronto
Library**

**DO NOT
REMOVE
THE
CARD
FROM
THIS
POCKET**

Acme Library Card Pocket
LOWE-MARTIN CO. LIMITED

